

Math 166 - Week in Review #3 - Exam 1 Review

NOTE: For reviews of the other sections on Exam 1, refer to the first page of WIR #1 and #2.

Section 2.6 - The Inverse of a Square Matrix

- Only square matrices can have inverses, but not all square matrices have inverses.
- A square matrix that does not have an inverse is called a **singular matrix**.
- The inverse of A , denoted A^{-1} , is the square $n \times n$ matrix such that $AA^{-1} = A^{-1}A = I_n$.
- Systems of equations can be represented as a matrix equation of the form $AX = B$ where A is the coefficient matrix, X is a column vector containing the variables, and B is a column vector containing constants.
- If A has an inverse, the solution to the matrix equation is $X = A^{-1}B$.
- If A does not have an inverse (i.e., if A is singular), this does NOT imply the system has no solution. It simply means that you must use another method to solve the system.

Section 2.7 - Leontief Input-Output Model - Not all instructors covered this topic.

- The input-output model is used to study the relationship between industrial production and consumer demand.
- If A is the input-output matrix and X represents the total output of all industries, then AX represents the internal consumption for that economy.
- Subtracting the internal consumption from the total output gives the net output of goods and services for consumer demand, D :
$$X - AX = D$$
- To find the amount of goods and services that must be produced to satisfy consumer demand, solve for X in the above equation to obtain

$$X = (I - A)^{-1}D$$

Chapter 5 - Finance

- **Simple Interest** - interest that is computed on the original principal only
- **Simple Interest Formulas**
Interest = $I = Prt$
Accumulated Amount = $A = P + I = P + Prt = P(1 + rt)$
NOTATION: I = interest earned, P = principal, r = interest rate (as a decimal),
 t = term of the investment in **YEARS**, A = accumulated amount
- **The TVM-Solver CANNOT be used for simple interest calculations.**
- **Compound Interest** - earned interest that is periodically added to the principal and thereafter itself earns interest at the same rate.
- The TVM-Solver can be used in problems involving compound interest as follows:
 N = total number of payments made, usually $m \times t$.
 $I\%$ = interest rate in *percent form*. Don't convert to decimal form!!
 PV = present value (principal, or the amount you start with). Entered as negative if invested, positive if borrowed.
 PMT = payment (amount paid each period). Entered as negative if paying off a loan, positive if receiving money, 0 if computing compound interest.
 FV = future value (accumulated amount). This will be 0 if paying off a loan.
 P/Y = number of payments per year (usually the same as m).
 C/Y = number of conversions per year (m).
- At the bottom of the screen, you will see PMT:END BEGIN. IF END is highlighted, then the TVM Solver calculates everything with payments being made at the end of the period. For virtually all of the problems we will work in class, END should be highlighted.
- You can solve for any quantity on the TVM-Solver by moving the cursor to that quantity and then pressing ALPHA followed by ENTER.
- **Continuously Compounded Interest:** $A = Pe^{rt}$
- **Effective Rate of Interest** - The effective rate of interest is a way of comparing interest rates. More precisely, the *effective rate* is the simple interest rate that would produce the same accumulated amount in 1 year as the nominal rate compounded m times per year.
- The effective rate of interest is typically denoted by r_{eff} and is also known as the effective annual yield.
- To calculate the effective rate of interest, use the Eff() function on the calculator. This function can be found under Finance—just arrow down until you see C: Eff(.
- The Eff() function has two parameters, the nominal (or annual) interest rate entered as a percent, and the number of conversion, m , per year: Eff(nominal rate as a percent, m)
- **Annuity** - a sequence of payments made at regular time intervals.
- In this course, we will study annuities with the following properties:
 1. The terms are given by fixed time intervals.
 2. The periodic payments are equal in size.
 3. The payments are made at the end of the payment periods.
 4. The payment periods coincide with the interest conversion periods.

1. True/False

- TRUE **FALSE** a) $I_n A = A I_n = A$ for all matrices A . *Identity*
A must be square for this to be true
- TRUE **FALSE** b) A nonsingular matrix has no inverse.
Singular \rightarrow no inverse
- TRUE** FALSE c) To be able to compute the matrix product AB , the number of columns of A must equal the number of rows of B .
- TRUE **FALSE** d) If B is a 2×2 matrix, then $B + I_2 = B$. *$B I_2 = B$*
- TRUE **FALSE** e) When solving the matrix equation $AX = B$ by computing $A^{-1}B$ in the calculator, a message of "ERR: SINGULAR MAT" implies that the system of equations has no solution.
- TRUE **FALSE** f) Every square matrix has an inverse. *not a unique solution*
- TRUE** FALSE g) If the parametric solution to a system of equations is $(3t + 2, -t - 3, t)$, then $(-7, 0, -3)$ is a particular solution.

[0 0]
 $(3t + 2, -t - 3, t)$

$t = -3$

$x = 3(-3) + 2 = -9 + 2 = -7$

$y = -(-3) - 3 = 3 - 3 = 0$

2. Find the value of k so that the following system has no solution:

parallel lines
(same slope)

$$\begin{cases} 5x + 2y = -7 \\ 3x + ky = 8 \end{cases}$$

$$5x + 2y = -7$$

$$2y = -5x - 7$$

$$y = -\frac{5}{2}x - \frac{7}{2}$$

$$m = -\frac{5}{2}$$

$$-3x + ky = 8$$

$$ky = 3x + 8$$

$$y = \frac{3}{k}x + \frac{8}{k}$$

$$m = \frac{3}{k}$$

set
equal

$$-\frac{5}{2} = \frac{3}{k}$$

$$-5k = 6$$

$$k = -\frac{6}{5}$$

Check:

$$\left[\begin{array}{cc|c} x & y & \\ \hline 5 & 2 & -7 \\ -3 & -\frac{6}{5} & 8 \end{array} \right] \xrightarrow{\text{rref}}$$

$$\left[\begin{array}{cc|c} 1 & -4 & 0 \\ 0 & 0 & 1 \end{array} \right]$$

$$0x + 0y = 1$$

$0 = 1$ FALSE

No soln.

3. For each of the following, if the matrix is in row reduced form, interpret its meaning as a solution to a system of equations. If the matrix is not in row reduced form, explain why.

(a) $\begin{bmatrix} 1 & 0 & 0 & | & 4 \\ 0 & 1 & 3 & | & -5 \\ 0 & 0 & 1 & | & 0 \end{bmatrix}$ Not in row-reduced form. Column 3 has a leading 1 but not all other entries in that column are 0.

(e) $\begin{bmatrix} 0 & 1 & 0 & | & 3 \\ 0 & 0 & 1 & | & 4 \\ 1 & 0 & 0 & | & 1 \end{bmatrix}$ Not. Leading 1's must be down & to the right of each other.

(b) $\begin{array}{c} x \quad y \quad z \\ \hline 0 \quad 1 \quad 0 \quad | \quad -3 \\ 0 \quad 0 \quad 1 \quad | \quad 8 \\ 0 \quad 0 \quad 0 \quad | \quad 0 \end{array}$ Is in row-red. form

$0=0$ ✓
Let $x=t$, where t is any real #.
 $y=-3, z=8$
 $(t, -3, 8)$

(c) $\begin{bmatrix} 1 & 0 & | & 15 \\ 0 & 1 & | & -7 \\ 0 & 0 & | & 0 \end{bmatrix}$

$x=15$
 $y=-7$
(unique soln)

(f) $\begin{bmatrix} 1 & 1 & 0 & | & 5 \\ 0 & 0 & 1 & | & 4 \\ 0 & 0 & 0 & | & 1 \end{bmatrix}$ Is in row-red. form

No solution

(g) $\begin{bmatrix} 0 & 0 & | & 0 \\ 1 & 0 & | & 3 \\ 0 & 1 & | & 8 \end{bmatrix}$ Not.

Row of all 0's should be at the bottom.

(d) $\begin{bmatrix} 1 & 0 & 0 & | & 5 \\ 0 & -1 & 0 & | & -3 \\ 0 & 0 & 1 & | & 8 \end{bmatrix}$ Not in row-red. form

The 1st nonzero entry in row 2 should be a 1.

For the next two word problems do the following:

I) Define the variables that are used in setting up the system of equations.

II) Set up the system of equations that represents this problem. III) Solve for the solution.

IV) If the solution is parametric, then tell what restrictions should be placed on the parameter(s). Also give three specific solutions.

The # of cards Bob has is 3 times the # of cards Fred has.

(a) Fred, Bob, and George are avid collectors of baseball cards. Among the three of them, they have 924 cards. Bob has three times as many cards as Fred, and George has 100 more cards than Fred and Bob do combined. How many cards do each of the friends have?

Let x = the number of cards that Fred has.
Let y = the number of cards that Bob has.
Let z = _____ George ...

$$\begin{aligned}x + y + z &= 924 \\y &= 3x \\z &= x + y + 100\end{aligned}$$

$$\begin{aligned}x + y + z &= 924 \\-3x + y &= 0 \\-x - y + z &= 100\end{aligned}$$

$$\left[\begin{array}{ccc|c} 1 & 1 & 1 & 924 \\ -3 & 1 & 0 & 0 \\ -1 & -1 & 1 & 100 \end{array} \right] \xrightarrow{\text{rref}} \left[\begin{array}{ccc|c} x & y & z & \\ 1 & 0 & 0 & 103 \\ 0 & 1 & 0 & 309 \\ 0 & 0 & 1 & 512 \end{array} \right]$$

$$\begin{aligned}x &= 103 \\y &= 309 \\z &= 512\end{aligned}$$

Fred has 103 cards,
Bob has 309 cards, and
George has 512 cards

(b) In a laboratory experiment, a researcher wants to provide a rabbit with exactly 1000 units of vitamin A, exactly 1600 units of vitamin C and exactly 2400 units of vitamin E. The rabbit is fed a mixture of three foods. Each gram of food 1 contains 2 units of vitamin A, 3 units of vitamin C, and 5 units of vitamin E. Each gram of food 2 contains 4 units of vitamin A, 7 units of vitamin C, and 9 units of vitamin E. Each gram of food 3 contains 6 units of vitamin A, 10 units of vitamin C, and 14 units of vitamin E. How many grams of each food should the rabbit be fed?

Let x = the number of grams of food 1.
 Let y = ----- food 2.
 Let z = ----- food 3.

	Food 1	Food 2	Food 3	Requirement
units of Vit A per gram	2	4	6	1000
Vit C	3	7	10	1600
Vit E	5	9	14	2400

total Vit from all 3 foods = 1000
 $2x + 4y + 6z = 1000$
 $3x + 7y + 10z = 1600$
 $5x + 9y + 14z = 2400$

$$\left[\begin{array}{ccc|c} 2 & 4 & 6 & 1000 \\ 3 & 7 & 10 & 1600 \\ 5 & 9 & 14 & 2400 \end{array} \right]$$

rref \rightarrow

	x	y	z	
\div	1	0	1	300
$+$	0	1	1	100
$-$	0	-1	-1	0

Let $z = t$ where t is a real number ≥ 0 .

$x + z = 300$
 $x = 300 - z$
 $x = 300 - t \geq 0$
 $300 - t \geq 0$
 $-t \geq -300$
 $t \leq 300$

$y + z = 100$
 $y = 100 - z$
 $y = 100 - t \geq 0$
 $100 - t \geq 0$
 $-t \geq -100$
 $t \leq 100$

Parametric Soln:
 $(300 - t, 100 - t, t)$
 where $0 \leq t \leq 100$.

When $t = 1$,
 $x = 300 - 1 = 299$
 $y = 100 - 1 = 99$
 $z = 1$

$$\frac{1}{5}R_1 \rightarrow$$

5. Solve the system $5x - 3y = 7$ using the Gauss-Jordan elimination method.
 $2x + 6y = -1$

$$\begin{bmatrix} 5 & -3 & | & 7 \\ 2 & 6 & | & -1 \end{bmatrix} \xrightarrow{R_1 - 2R_2} \begin{bmatrix} 1 & -15 & | & 9 \\ 2 & 6 & | & -1 \end{bmatrix}$$

$$\begin{aligned} & [5 \ -3 \ 7] - 2[2 \ 6 \ -1] \\ & = [5 \ -3 \ 7] + [-4 \ -12 \ 2] \\ & = [1 \ -15 \ 9] \end{aligned}$$

$$R_2 - 2R_1 \rightarrow \begin{bmatrix} 1 & -15 & | & 9 \\ 0 & 36 & | & -19 \end{bmatrix}$$

$$\frac{1}{36}R_2 \rightarrow \begin{bmatrix} 1 & -15 & | & 9 \\ 0 & 1 & | & -\frac{19}{36} \end{bmatrix}$$

$$R_1 + 15R_2 \rightarrow \begin{bmatrix} 1 & 0 & | & \frac{13}{12} \\ 0 & 1 & | & -\frac{19}{36} \end{bmatrix}$$

$$\left(\frac{13}{12}, -\frac{19}{36} \right)$$

one soln.

$$\begin{aligned} x &= \frac{13}{12} \\ y &= -\frac{19}{36} \end{aligned}$$

6. Solve for the variables x , y , z , and u . If this is not possible, explain why.

$$\begin{bmatrix} 2 & 0 \\ x & -1 \end{bmatrix} \begin{bmatrix} 1 & 4 \\ y+1 & z \end{bmatrix} + \begin{bmatrix} 7 & 0 \\ z & x \end{bmatrix}^T = -2 \begin{bmatrix} 1-u & 5 \\ -3 & -\frac{3}{2} \end{bmatrix}$$

$2 \times 2 \quad \checkmark \quad 2 \times 2$
 $\uparrow \quad \quad \quad \uparrow$
 2×2

$$\begin{bmatrix} 2 & 0 \\ x + (-1)(y+1) & 4x - z \end{bmatrix} + \begin{bmatrix} 7 & z \\ 0 & x \end{bmatrix} = \begin{bmatrix} -2+2u & -10 \\ 6 & 3 \end{bmatrix}$$

$$x - y - 1 = 6$$

$$-3 - y - 1 = 6$$

$$-y - 4 = 6$$

$$\frac{-y = 10}{y = -10}$$

$$5x - z = 3$$

$$5x + 18 = 3$$

$$\frac{5x = -15}{x = -3}$$

$$\begin{bmatrix} 9 \\ x - y - 1 \end{bmatrix}$$

$$9 = -2 + 2u$$

$$11 = 2u$$

$$\frac{11}{2} = u$$

$$\begin{bmatrix} 8+z \\ 5x-z \end{bmatrix} = \begin{bmatrix} -2+2u & -10 \\ 6 & 3 \end{bmatrix}$$

$$8 + z = -10$$

$$z = -18$$

Matrix mult. is not commutative: $AD \neq DA$

7. Using matrix algebra, solve for the matrix D in the equation $D = AD + B$. Assume that all sizes are appropriate for the indicated operations and that inverses exist where necessary.

$$D = AD + B$$

$$D - AD = B$$

$$\cancel{(I_n - A)^{-1}} \cancel{(I_n - A)} D = \cancel{(I_n - A)^{-1}} B$$

$$D = (I_n - A)^{-1} B$$

$$x - 2x = (1 - 2)x$$

$$I_2 = \begin{bmatrix} 1 & 0 \\ 0 & 1 \end{bmatrix}$$

8. Find the matrix A that makes the following equation true:

$$\underbrace{\begin{bmatrix} -5 & 3 \\ 8 & 7 \end{bmatrix}}_B + \frac{1}{3} \underbrace{\begin{bmatrix} 2 & -1 \\ -7 & 5 \end{bmatrix}}_C A = I_2$$

$$B + \frac{1}{3}CA = I_2$$

$$3 \left(\frac{1}{3}CA \right) = 3(I_2 - B)$$

$$\cancel{C}^{-1} A = \cancel{C}^{-1} (3I_2 - 3B)$$

$$A = C^{-1} (3I_2 - 3B)$$

$$A = \begin{bmatrix} 5/3 & 1/3 \\ 7/3 & 2/3 \end{bmatrix} (3I_2 - 3B)$$

$$A = \begin{bmatrix} 22 & -21 \\ 26 & -33 \end{bmatrix}$$

9. Use the given matrices to compute each of the following. If an operation is not possible, explain why.

$$A = \begin{bmatrix} -5 & 3 \\ 7 & 8 \end{bmatrix}, \quad B = \begin{bmatrix} 1 & 2 \\ 5 & -8 \\ 3 & 5 \end{bmatrix}, \quad C = \begin{bmatrix} 5 & 4 & 7 \\ 6 & -3 & 1 \end{bmatrix}$$

$D = 3 \times 3$ nonsingular matrix. *Does have an inverse*
 $E = 4 \times 4$ singular matrix. *has no inverse*

(a) $B+C$

$(3 \times 2) + (2 \times 3)$ Not possible.
 Matrices must be the same size to add.

(b) BC

size of B 3×2 size of C 2×3
 3×3

$$BC = \begin{bmatrix} 17 & -2 & 9 \\ -23 & 44 & 27 \\ 45 & -3 & 26 \end{bmatrix}$$

(c) $D^{-1}C$

size of D^{-1} 3×3 size of C 2×3
 \neq

Not possible. The # of columns of $D^{-1} \neq$ # of rows of C.

(d) $AB^T - 5C$

A B^T
 2×2 2×3
 (2×3)

Is possible:

$$AB^T - 5C = \begin{bmatrix} -24 & -69 & -35 \\ -7 & -14 & 56 \end{bmatrix}$$

(e) DD^{-1}

$$DD^{-1} = I_3 = \begin{bmatrix} 1 & 0 & 0 \\ 0 & 1 & 0 \\ 0 & 0 & 1 \end{bmatrix}$$

(f) $E^{-1}E$

not possible E is singular, so E does not have an inverse.

(g) CA

C A
 2×3 2×2
 \neq

not possible

(h) C^{-1}

Not possible. Only square matrices can have inverses.

10. Work #41 on page 130 of Section 2.5 in your textbook by Tan. This is a problem about understanding the meaning of the entries in the product of two matrices. There is also another example in Week in Review #2.

1. First write the following system as a matrix equation and then solve by using a matrix inverse.

$$\left. \begin{array}{l} -3x = 4y+z \\ y-7 = -x+5z \\ 2x+z = 14-y \end{array} \right\} AX=B$$

$$\left. \begin{array}{l} -3x-4y-z=0 \\ x+y-5z=7 \\ 2x+y+z=14 \end{array} \right\} \text{This system is equivalent} \\ \text{to } AX=B \text{ where}$$

$$A = \begin{bmatrix} x & y & z \\ -3 & -4 & -1 \\ 1 & 1 & -5 \\ 2 & 1 & 1 \end{bmatrix}, X = \begin{bmatrix} x \\ y \\ z \end{bmatrix}, B = \begin{bmatrix} 0 \\ 7 \\ 14 \end{bmatrix}$$

$$AX=B$$

$$X = A^{-1}B \text{ (in calc)}$$

$$X = \begin{bmatrix} 35/3 \\ -77/9 \\ -7/9 \end{bmatrix} = \begin{bmatrix} x \\ y \\ z \end{bmatrix}$$

$$\left(\begin{array}{l} x = \frac{35}{3} \\ y = -\frac{77}{9} \\ z = -\frac{7}{9} \end{array} \right) (, ,)$$

12. A simple economy depends on three commodities: oil, corn, and coffee. Production of 1 unit of oil requires 0.1 units of oil and 0.2 units of corn. Producing 1 unit of corn requires 0.2 units of oil, 0.1 units of corn, and 0.05 units of coffee. To produce 1 unit of coffee, 0.1 units of oil, 0.05 units of corn, and 0.1 units of coffee are used.

(a) How many units of oil are consumed in the production of 35 units of coffee?

(b) Find the production level required to meet an external demand of 1,000 units of each of these three commodities. (#18, pg. 114 of *Finite Mathematics and Calculus* by Lial, Greenwell, and Ritchey)

(c) How much of each commodity is consumed internally to meet this demand?

13. When Erica graduated from high school, she received \$500 from her parents as a gift. She then loaned this money to her brother who repaid her 3 months later with a sum of \$510.25. What was the simple interest rate that Erica charged her brother?

↑ cannot use TVM solver.

$$I = Prt$$

$$10.25 = 500r\left(\frac{3}{12}\right)$$

$$r = .082$$

8.2%
simple
interest

14. Annette wants to take a trip to Europe when she graduates. She will need \$4,500 for this trip. How much money should Annette deposit now into an account paying 8%/year compounded quarterly if she expects to graduate in 4 years? How much interest will she earn?

$$N = 4 \times 4$$

$$I\% = 8$$

$$PV = ?$$

$$PMT = 0$$

$$FV = 4500$$

$$P/Y = C/Y = 4 = m$$

$m = \#$ of conversions per year

deposit \$3278.01

$$\begin{aligned} \text{Interest earned} &= 4500 - 3278.01 \\ &= \$1,221.99 \end{aligned}$$

15. Lynnette, Annette's twin sister, wants to take that same trip to Europe, but she does not have enough money to open the same type of account as Annette. Instead, she plans to make monthly payments to an account paying 8.25%/year compounded monthly. How much should each payment be so that she has \$4,500 at the end of 4 years? How much interest will Lynnette earn?

$$N = 4 \times 12$$

$$I\% = 8.25$$

$$PV = 0$$

$$PMT = ? \rightarrow$$

$$\boxed{\$79.45}$$

$$FV = 4500$$

$$P/Y = C/Y = 12$$

$$\begin{aligned} \text{Lynnette's total} & : 79.45 \times 12 \times 4 \\ \text{deposit} & : \\ & = 3813.60 \end{aligned}$$

$$\begin{aligned} \text{Interest} & : 4500 - 3813.60 \\ \text{earned} & : \\ & = \boxed{\$686.40} \end{aligned}$$

16. If Bank A has a savings account paying 8%/year compounded semiannually and Bank B offers 7.9%/year compounded monthly, which is the better offer?

$$\text{Bank A : Effective rate} = \text{Eff}(8, 2) =$$

17. Juanita decided to purchase a flat-screen HDTV. She makes a down payment of \$250 and secures financing for the balance of the purchase price at a rate of 12%/year compounded monthly. Under the terms of the finance agreement, she is required to make monthly payments of \$125 for 30 months.

(a) What was the cash price of the TV?

cash price = down pmt + the amt she financed

Calculate Amt of the loan

$$N = 30$$

$$PMT = -125$$

$$i\% = 12$$

$$FV = 0$$

$$PV = ?$$

$$P/Y = C/Y = 12$$

$$\text{Amt financed} = \$3225.96$$

Cash price:

$$250 + 3225.96 = \$3475.96$$

(b) How much interest did Juanita pay?

$$\begin{aligned} \text{Total amt paid} &: 250 + 125 \times 30 \\ &= \$4000 \end{aligned}$$

$$\begin{aligned} \text{Interest pd} &= 4000 - 3475.96 \\ &= \$524.04 \end{aligned}$$

18. What is the present value of a sum of \$5,000 due in 6 years at an interest rate of 6.75%/year compounded continuously?

$$A = Pe^{rt}$$

$$5000 = Pe^{(0.0675 \times 6)}$$

$$\frac{5000}{e^{0.0675 \times 6}} = P$$

$$P = \$3334.88$$

19. Julian opened an account with \$8,000 and after 7 years, it had grown to \$10,000. What was the annual interest rate if interest was compounded weekly?

$$N = 52 \times 7$$

$$PMT = 0$$

$$I\% = ?$$

$$FV = 10000$$

$$PV = -8000$$

$$P/Y = C/Y = 52$$

$$3.1887\%$$

20. Miles and Keiko plan to make a \$25,000 down payment on a \$110,000 home and finance the balance with a 25-year note that has an interest rate of 8.25% compounded monthly.

(a) What monthly payments should they make to pay off the note in 25 years?

$N = 12 \times 25$ $PMT = ?$ $\$670.18$
 $I\% = 8.25$ $FV = 0$
 $PV \rightarrow 85000$ $P/Y = C/Y = 12$
loan amt = 110000 - 25000

(b) How much interest will they pay?

Total amt pd for house: $25000 + 670.18 \times 25 \times 12$
 $= 226054$

Interest paid = $226054 - 110000 = \$116,054$

(c) How much equity will they have in their home after 10 years of payments?

Equity = Value of house - what you still owe.

what I still owe:

$N = 12 \times 10$ $PMT = -670.18$
 $I\% = 8.25$ $FV = ?$ $\rightarrow \$69081.48$
 $PV = 85000$ $P/Y = C/Y = 12$

Equity = $110000 - 69081.48$
 $= \$40,918.52$

(d) Create an amortization schedule for the first 4 months of the loan.

8.25% / year

month period	interest owed	payment	amount toward principal	outstanding principal
→ 0	—	—	—	85000
1	584.38	670.18	85.80	84914.20
2	583.79	670.18	86.39	84827.81
3	583.19	670.18	86.99	84740.82
4	582.59	670.18	87.59	84653.23

$670.18 - 583.79$

$85000 \times 0.0825 \times \frac{1}{12} = 584.38$

$84914.20 \times 0.0825 / 12$
 $= 583.79$

$670.18 - 584.38 = 85.80$

$85000 - 85.80 = 84914.20$