

# Town of bellington essay sample



**ASSIGN  
BUSTER**

The cost driver is the cubic miles of snow because Donaldson himself stated that "...had to pay overtime to the drivers because of some very heavy storms..." That states that more snow had fallen and thus made costs rise.

1. Which budget is more informative about Donaldson's performance, and why? The flexible budget speaks more about Donaldson's performance because the actual amount of snow that had to be cleared is now the same as the actual performance. The static budget only allowed for 1, 250 cubic miles of snow, which is about 17% less than the actual amount cleared.

2. What were the goals of the public works director in preparing the budget? Do you think his approach to constructing the budget was effective in meeting these goals? Why or why not? His goals were to give incentives to the department heads to keep the costs low. I believe that he did well in analyzing and calculating the budgets, but shows his ignorance of variable factors such as weather, in the case of snow removal. There elements that cannot be controlled and it can heavily affect the costs.

3. Should public works director have consulted Donaldson in preparing the budget? Why or why not? The director should have consulted Donaldson when preparing the budget because information asymmetry is abounds in this situation. Donaldson, because he has more information on the snow removal process and costs, would be more knowledgeable as to how much should be budgeted.