**Examine the Budget**. Obtain a copy of a recent operating budget document of a government. \* Familiarize yourself with the organization of the operating budget document; read the letter of transmittal or any narrative that accompanies the budget.

\*Contact the budget officer of the city, town, or county of your choice and request a copy of the most recent available operating budget document.

Budgetary practices may differ from the GAAP reporting model as to *basis, timing, perspective*, and *entity*. GASB standards (*Codification*, Section 2400. 110–199) define these differences as:

1. *Basis* differences arising through the employment of a basis of accounting for budgetary purposes that differs from the basis of accounting applicable to the fund type when reporting on the operations in accordance with GAAP.
2. *Timing* differences that can result in significant variances between budgetary practices and GAAP may include continuing appropriations, project appropriations, automatic reappropriations, and biennial budgeting.
3. *Perspective* differences resulting from the structure of financial information for budgetary purposes. The perspectives used for budgetary purposes include fund structure and organizational or program structure. In addition, some subsidiary perspective, such as nature of revenue source, special projects, or capital and operating budgets, may also be used. The fund structure and individual fund definitions establish which assets, liabilities, equities, and revenue and expenditure/expense flows are recorded in a fund. In the traditional view, budgeting, accounting, financial reporting, and auditing would follow the fund perspective.
4. *Entity* differences occur when “appropriated budget” either includes or excludes organizations, programs, activities, and functions that may or may not be compatible with the criteria defining the governmental reporting entity.