

June 12, 2026

Director of Research and Technical Activities
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RE: Project No. 40

We appreciate the opportunity to provide feedback on the Discussion Memorandum (DM), *The Structure for Communicating Generally Accepted Accounting Principles for State and Local Governments*, dated April 2, 2026. The purpose of the DM is to contribute to the Board's considerations related to whether a project to move to a single-authority structure should be initiated.

The views expressed herein are written on behalf of the Professional Standards Committee (PSC) of the Texas Society of CPAs. The committee has been authorized by the Texas Society of CPAs' Leadership Council to submit comments on matters of interest to the membership. The views expressed in this document have not been approved by the Texas Society of CPAs' Leadership Council or Board of Directors and, therefore, should not be construed as representing the views or policy of the Texas Society of CPAs. Please find our responses below for the request for comment.

Question 1:

Would you support a single-authority structure with a codification as the source? Please indicate why or why not, including any alternatives you would support the GASB considering.

The PSC supports a single-authority structure with a Codification as the source. A single source would reduce the risk that practitioners, preparers or auditors rely on original pronouncements that have been subsequently amended or partially superseded. A single-authority codification would also improve accessibility, reduce complexity and eliminate potential conflicts between two authoritative sources.

Question 2a:

How do you believe content should be grouped at the highest level? Do you support organizing content into the existing five Parts (Parts I–V of the Codification) as the highest level of content organization, or are there modifications or alternatives that you would support the GASB considering? Potential changes could include adding or removing Parts or grouping the information in a manner different than Parts.

The PSC generally supports retaining the existing five-part structure as the highest level of content organization. The current structure is familiar to many users and provides a workable framework for navigating General Principles, Financial Reporting, Measurement, Specific Balance Sheet and Operating Statement Items, and Stand-Alone Reporting-Specialized Units and Activities.

Question 2b:

Within each Part of the existing Codification, are there Sections you would support adding, removing, or moving to a different Part? If yes, please describe.

The PSC does not recommend broad changes to the existing Sections at this time. However, the Board may want to reassess whether certain specialized industry Sections remain necessary as stand-alone Sections, particularly areas such as broadcasters and cable television systems. Those topics appear less commonly relevant to state and local governments than areas such as utilities, water systems and sewer systems.

Question 2c:

Within each Section of the existing Codification, is there content that you believe would be better placed in a different Section, whether that different Section is an existing Section or a potential new Section? If yes, please describe.

The PSC does not have specific recommendations for placing content in a different Section.

Question 2d:

What feedback do you have regarding the duplication of content in multiple Parts and Sections? Do you support a content organization approach that repeats content in each relevant Section? Please indicate why or why not.

The PSC supports limited duplication of content when it improves usability and helps users identify all relevant guidance within a topic. Some duplication is beneficial when the same requirement applies across multiple areas or when a user working within a specialized Section needs enough context to understand the applicable guidance without repeatedly moving between Sections.

Question 2e:

When looking for guidance in the Codification, do you typically browse by using the Parts and Sections titles or do you typically use the search function?

The PSC recommends keeping both functionalities. Some practitioners may browse by Parts and Sections when they know the relevant topic, while other users, especially if unfamiliar with the Codification, may rely more heavily on the search function.

Question 2f:

In addition to your feedback on Questions 2a–2e, what other challenges, if any, do you encounter with the overall content organization of the existing Codification?

A primary challenge with the current structure the PSC observes is that many practitioners continue to rely on original pronouncements as a practical starting point. That reliance creates risk because original pronouncements may have been amended or superseded. A single-authority Codification would reduce that risk, provided adequate search tools, mapping tools and transition guides are made available.

Question 3:

Chapter 3 of this Discussion Memorandum discusses the organization of Category A GAAP within the Standards Subsection of the existing Codification. What feedback do you have regarding how Category A GAAP is organized within a topical grouping?

The PSC generally supports the current organization of Category A GAAP within the Standards Subsection of the existing Codification. The existing approach, which often mirrors the structure of GASB Statements, is useful because it commonly follows a logical sequence: scope and applicability, recognition, measurement, disclosure, and related presentation matters.

Question 4:

Chapter 3 of this Discussion Memorandum discusses the integration of Category B GAAP. What degree of integration of Category B GAAP with Category A GAAP would you support? Please explain the factors relevant to your answer.

The PSC supports retaining Category B GAAP within the applicable topical Section but clearly distinguished from Category A GAAP. More direct integration may improve usability, but it also may blur the distinction between Category A and Category B guidance.

Question 5:

Chapter 3 of this Discussion Memorandum discusses paragraph numbering. What feedback do you have regarding a static numbering system?

The PSC supports a static numbering system. Static paragraph numbers would improve consistency, citation, training, research, and communication among preparers, auditors, educators, and regulators. If paragraph numbers change after updates, users may have difficulty locating guidance or reconciling prior references.

Question 6:

Chapter 4 of this Discussion Memorandum discusses communicating changes to a single-authority codification. Would you support the use of a nonauthoritative, standalone document (as described in Chapter 4) in combination with pending content to communicate changes to GAAP? Please indicate why or why not, including any alternatives you would support the GASB considering.

The PSC supports the use of a nonauthoritative, stand-alone document in combination with pending content to communicate changes to GAAP. This approach would allow GASB to explain what changed, why it changed and where the authoritative requirements reside, without creating a second authoritative source.

Question 7:

Chapter 5 of this Discussion Memorandum discusses nonauthoritative summary and background information and a basis for conclusions. Would you support including that nonauthoritative content in a nonauthoritative, stand-alone document used to communicate changes to GAAP? Please indicate why or why not, including any alternatives you would support the GASB considering.

The PSC supports including summary, background information and basis for conclusions in the nonauthoritative stand-alone document used to communicate changes. That information is valuable because it helps practitioners understand the purpose of a standard, the Board's reasoning and the context for applying the guidance.

Question 8:

Chapter 5 of this Discussion Memorandum discusses nonauthoritative illustrations. Would you support the incorporation of nonauthoritative illustrations into a single-authority codification? Please indicate why or why not, including any alternatives you would support the GASB considering.

The PSC supports incorporating nonauthoritative illustrations into the single-authority Codification. Illustrations are highly useful to practitioners because they help translate technical guidance into practical applications.

Question 8a:

If you support the incorporation of nonauthoritative illustrations into a single authority codification, what degree of integration of those illustrations would you support? Please explain the factors relevant to your answer.

The PSC supports topic-level integration of illustrations. Topic-level integration keeps illustrations accessible without overwhelming the authoritative guidance or creating confusion about what is authoritative. This approach allows users to access examples that will be consistent from topic to topic.

Question 9:

What other feedback, if any, do you have regarding the GASB's GAAP structure?

If GASB moves forward with a single-authority Codification, it should provide a practical transition plan for users. This could include mapping tables from original pronouncements to Codification Sections, user guides, search enhancements, examples, and educational materials.

We appreciate the opportunity to submit comments on the Discussion Memorandum (DM), *The Structure for Communicating Generally Accepted Accounting Principles for State and Local Governments*.

Sincerely,



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