The Short-Term Approach – Examples of Assets & Liabilities Recognized

Examples of **assets** that would be recognized under the Short-Term Approach include:

- Cash and investments
- Accounts receivable that normally are due within the next operating cycle
- Property taxes receivable that normally are due within the next operating cycle
- Long-term receivables that are due within the next operating cycle
- Prepaid items, and inventory

Examples of items that would **not** be recognized as **assets** under the Short-Term Approach include long-term receivables that are due beyond the subsequent operating cycle and capital assets, including intangible assets.

Examples of **liabilities** that would be recognized under the Short-Term Approach include:

- Accounts payable and accrued payroll
- Accrued interest payable that normally is due within the next operating cycle
- Compensated absences payable that normally are due within the next operating cycle
- Principal amounts of long-term operating debt or long-term capital-related debt and tax anticipation notes or revenue anticipation notes that are due within the subsequent operating cycle
- Net pension and other post-employment benefit liabilities that are payable and that normally are due within the next operating cycle.
- Asset retirement obligations that relate to a current or past reporting period and that are normally due within the subsequent operating cycle for future payment of the obligation.

Examples of items that would **not** be recognized as **liabilities** under the Short-Term Approach include:

- Portions of compensated absences liabilities not normally due within the next operating cycle
- Long-term operating debt or long-term capital-related debt and tax anticipation notes or revenue anticipation notes not due within the next operating cycle
- Net pension and other post-employment benefit liabilities other than those payable and normally due within the next operating cycle
- Asset retirement obligations that relate to a current or past reporting period and that are not normally due within the subsequent operating cycle (based on regulatory funding requirements) for future payment of the obligation.