

Accounting—Debits & Credits



Accounting is the systematic, recording, reporting, and analysis of financial activities of an organization. Each business event that is recorded in the accounting system is recorded with, and must have, at least one debit and one credit. This fundamental concept is known as *double-entry accounting*.

Debits represent amounts entered on the left side of a T-account. Debits record increases to assets or expenditure accounts. Meaning, it increases the amount of the asset (cash, property) or increases the total expenses (the money in which you have disbursed). However, a debit will decrease a liability, equity or revenue account.

Credits represent amounts entered on the right side of a T-account. Credits record increases to a liability, meaning the amount you owe, equity or revenue transactions, and a credit will decrease an asset and expense account.

A *contra account* is used in a general ledger to reduce the amount of a related account when the two accounts are netted together. A contra account's normal balance is the opposite of the associated account. If a debit is the normal balance recorded in the related account, the contra account records a credit.

The charts included highlight the effects of a debit and credit for commonly used accounts.

Balance Sheet		
Account	Increased By	Decreased By
Assets	Debit	Credit
<i>Current</i>		
Cash	Debit	Credit
Unexpended Releases	Debit	Credit
Accounts Receivable	Debit	Credit
Allowance for Doubtful Accounts (Contra)	Credit	Debit
Due From	Debit	Credit
Inventory	Debit	Credit
Investments	Debit	Credit
<i>Non-Current Assets</i>		
Capital Assets/Property	Debit	Credit
Accumulated Depreciation (Contra)	Credit	Debit
Deferred Outflows	Debit	Credit
Other Assets	Debit	Credit
Liabilities	Credit	Debit
<i>Current</i>		
Payables	Credit	Debit
Due To	Credit	Debit
Accrued Liabilities	Credit	Debit
Salaries & Wages	Credit	Debit
Matured Debts	Credit	Debit
<i>Non-Current Liabilities</i>		
Deferred Inflows	Credit	Debit
Pension Liabilities	Credit	Debit
Insurance Liabilities	Credit	Debit
Revenues Received in Advance	Credit	Debit
Equity/Fund Balance		
Residual Equity Transfer	Credit	Debit
Net Position (Proprietary)	Credit	Debit
Fund Balance	Credit	Debit

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Actuals/ Operating Statement		
Account	Increased By	Decreased By
Expenditures/Expenses	Debit	Credit
Expenditures (Governmental)	Debit	Credit
Expenditures, Capital Outlay	Debit	Credit
Depreciation Expense	Debit	Credit
Debt Services	Debit	Credit
Operating - Transfers Out	Debit	Credit
Operating Expenses (Proprietary)	Debit	Credit
Non-Operating (Proprietary)	Debit	Credit
Revenues		
Taxes	Credit	Debit
Licenses & Permits	Credit	Debit
Fees, Charges, Commissions and Sales	Credit	Debit
Grants and Donations	Credit	Debit
Interest and Dividends	Credit	Debit
Sale of Fixed Assets	Credit	Debit
Refunds	Credit	Debit
Property Transfer In	Credit	Debit
Federal Funds Transfers in from Other Agency	Credit	Debit
Federal Funds Transfers within Agency	Credit	Debit
Tolls	Credit	Debit
Interest on Loans	Credit	Debit
Rents	Credit	Debit
Fees	Credit	Debit
Sales of Goods or Services	Credit	Debit
Estimated Revenues	Credit	Debit
Estimated Operating Transfers In	Credit	Debit

Additional Resources		
Resource	Overview	Location
Statewide—Governmental Accounting Basics	Online training video designed to provide a general introduction to Governmental Accounting & basic accounting application	People First LMS
FLAIR Manuals	FLAIR Manuals provide specific accounting entries based on the transaction type	Accounting & Auditing Website—FLAIR
General Ledger Codes	List of standard GL Codes	Governmental & Proprietary Codes Fiduciary GL Crosswalk
Statewide Financial Statements Guidance	Provides checklist items for Financial Statements	Accounting & Auditing Website—Financial Guidance for State Agencies
Capital Assets & Long Term Debt Accounting Entries	Provides accounting entries for capital assets, including CEFPA entries	Accounting & Auditing Website—Financial Guidance for State Agencies
Additional Training Resources	General training materials and course offerings for FLAIR and financial related activities	Accounting & Auditing Website—Office of Florida Financial Education