

Book Adjustments and Product Reclassifications

Products received in a terminal are often blended with other products and distributed as a different product. For example, gasoline (product 065) and ethanol (241) may be received by a terminal but are often blended and distributed as gasohol (140), or clear diesel fuel (167) may have dye added to it to be distributed as dyed diesel fuel (227). In both of these examples, the product received by the terminal and reported on the Terminal Receipts Schedule is different than the product distributed across the rack and reported on the Terminal Disbursements Schedule. Failure to account for this product reclassification results in ever-growing ending inventory, schedule reporting problems, and/or misreporting that may leave the terminal operator liable for taxes due. Since the received product never leaves the terminal, inventory grows while the distributed product is drawn from nothing resulting in an impossible negative inventory.

Properly reporting the product reclassification is simple. Using the receipt of Gasoline (065) and Ethanol (241) and reclassification into Gasohol (140) (and subsequent disbursement) as an example, the proper way to report the transactions is as follows:

- 1) Report all terminal receipts (15A Schedules) of 065 and 241.
- 2) Report a terminal disbursement (15B Schedule) book adjustment (BA) for the total gallons of 065 blended into 140.
- 3) Report a terminal disbursement (15B Schedule) book adjustment (BA) for the total gallons of 241 blended into 140.
- 4) Report a terminal receipt (15A Schedule) book adjustment (BA) of 140 for the total gallons of 065 and 241 being received as 140.
- 5) Report all terminal disbursements (15B Schedule) of 140.

This method may be used to summarize all transactions during a period, as described above, or it may be used on a transaction by transaction basis for the reclassified product's disbursements.