

# Deposit Management

## 1. Overview

Security Deposits represent a refundable amount collected from drivers at the time of lease creation. The deposit acts as a financial safeguard to cover any **outstanding obligations that may surface after lease termination**, such as **delayed postings from EZPass, PVB Tickets, or TLC fines**.

The **Deposit Management** module in BAT Connect makes deposit collection **mandatory** for all applicable leases and automates the **collection, tracking, retention, and refund process**, while fully integrating with the **Centralized Ledger** for financial reconciliation and reporting.

### Key Objectives

- Enforce mandatory deposit collection at lease creation, with a **default equal to one week's lease fee**.
  - Allow BAT Front Desk users to **override the required amount** (including setting it to 0 when appropriate).
  - Support installment-based payments of the required amount over the first two weeks.
  - Retain deposits for 30 days after lease termination to account for **late EZPass, PVB, or TLC postings**.
  - Automatically apply held deposits to any **outstanding obligations dated before lease termination**.
  - Disburse remaining deposit balances after the 30-day hold period.
  - Maintain complete financial traceability via the **Centralized Ledger** and **Reconciliation Reports**.
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## 2. Key Principles

### 1. Mandatory Collection

- A security deposit is **mandatory for all new leases**.
- The **Required Deposit Amount** defaults to **1 week of the lease fee** (auto-calculated by the system).
- The **BAT Front Desk user** (creating the lease) can **override this amount**, including setting it to **0** (e.g., for trusted long-term drivers).

- Adding a note for overrides is **optional**, not mandatory.

## 2. Timing of Collection

- Deposit must be **captured at the time of lease creation**.
- If unpaid in full, driver may pay in **up to 2 installments** within the first 2 weeks of lease start.
- The system must track installment completion and **prevent lease renewal or transfer** until the deposit is fully collected.

## 3. Ledger Integration

- All deposit-related transactions are recorded in the **Centralized Ledger** under **source type = "DEPOSIT."**
- Deposits are tracked as **liabilities** until refunded or applied.

## 4. Hold & Retention Policy

- Upon lease termination, the deposit is **held for 30 days** to account for **delayed postings** from:
  - **EZPass** (late toll charges)
  - **PVB Tickets** (late Department of Finance violations)
  - **TLC Tickets** (late regulatory fines)
- No refunds or disbursements occur during this hold period.

## 5. Post-Termination Application

- On day 31 post-termination:
  - Deposit is applied to all **outstanding obligations dated prior to lease termination**.
  - Any remaining balance is flagged for **refund/disbursement**.

## 6. Refund & Disbursement

- Remaining deposit is **refunded to the driver** via ACH or check.
- The refund process auto-generates the corresponding **ledger postings** and **receipts**.

## 7. Non-Appearance in DTR

- Deposits are **excluded from weekly DTRs**.
- Their impact is reflected through **Ledger\_Balances** and **Reconciliation Reports**.

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## 3. Fields & Rules

Field Name	Source / Action	Description / Rule
Deposit ID	System-generated	Unique identifier for the deposit linked to a

		<p>lease. Format: DEP - [LeaseID] - [AutoNumber] .</p> <p>Remains the same even if the deposit is paid in multiple installments.</p>
<b>Lease ID</b>	Lease Management	Links the deposit to a specific lease. One active deposit per lease.
<b>Driver TLC License</b>	BAT Connect (Driver Master)	<p>Unique TLC Hack License Number of the primary driver.</p> <p>Required for reconciliation and ledger traceability.</p>
<b>Vehicle VIN</b>	Vehicle Master	Vehicle Identification Number of the leased vehicle. Auto-fetched from the lease record.
<b>Vehicle Plate</b>	Vehicle Master	License plate number of the leased vehicle. Auto-fetched from the lease record.
<b>Required Deposit Amount</b>	System-calculated (Default) / Editable by BAT User	Default = 1 week of lease fee. BAT user can override (including setting to 0).
<b>Collected Amount</b>	Payment Capture (Lease creation / Interim Payments)	<p>Total amount collected toward the deposit.</p> <p>Can be paid in one or more installments.</p>

<b>Outstanding Amount</b>	System-calculated	<b>Required Amount - Collected Amount</b> . Must be fully paid within <b>2 weeks of lease start date</b> .
<b>Collection Method</b>	User Input	Payment method used (Cash, Check, ACH). Mirrors existing Interim Payment options.
<b>Lease Start Date</b>	Lease Record	Used to calculate deposit payment deadline (Start Date + 14 days).
<b>Lease Termination Date</b>	Lease Record	Used to initiate the 30-day hold period.
<b>Hold Expiry Date</b>	System-calculated (on Termination)	Auto-generated when lease is marked <b>Terminated</b> . = <b>Lease Termination Date + 30 days</b> . Represents scheduled date for post-hold posting (refund or offset).
<b>Lease Status</b>	Lease Management	Drives system reminders and transitions: <b>Active</b> → ensure deposit fully paid. <b>Terminated</b> → trigger

		hold timer and refund tracking.
<b>Deposit Status</b>	System-tracked	Lifecycle stages: Pending → Partially Paid → Paid → Held (post-termination) → Refunded .
<b>Refund Amount</b>	System-calculated	Portion of deposit refunded to driver after deductions.
<b>Reminder Flags</b>	System-generated	Automatic reminders for: <ul style="list-style-type: none"> <li>• Deposit not fully paid by deadline (2 weeks).</li> <li>• Refund pending after hold expiry (30 days).</li> </ul>
<b>Notes</b>	Optional	Free-text notes for manual comments or exceptions.
<b>Audit Fields</b>	System-generated	Created_By, Created_Timestamp, Updated_By, Updated_Timestamp.

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## 4. UI & Workflow

### 4.1 Lease Creation Flow ([Updates Required](#))

Deposit setup and initial collection occur within the existing “**Enter Lease Details**” page in the lease creation workflow.

## Updates Required

1. Add the following new fields under the **Deposit Section**:
  - **Required Deposit Amount** (system-calculated, editable by BAT user)
  - **Deposit Collected Amount** (numeric input; can be full, partial, or 0)
  - **Collection Method** (dropdown: Cash, Check, ACH)
2. The system automatically generates a **Deposit ID** upon lease creation.
3. Lease creation is allowed even if **Deposit Collected = 0**, but:
  - A **reminder flag** is created if the amount is below the required deposit.
  - The lease appears in the **Pending Deposits** dashboard until the full required amount is collected.
4. All collected amounts at lease creation are posted to the **Ledger** (source type = "DEPOSIT").

## Post-Creation Behavior

- If deposit is partially collected or unpaid, system sends automated reminders to front desk / finance users:
  - **Week 1 reminder**: "Deposit not fully paid – [Lease ID]"
  - **Week 2 deadline alert**: "Deposit due this week – [Lease ID]"

## 4.2 Manage Deposits Page

A dedicated page under **Finance / Lease Management** that allows monitoring, collection, and manual management of deposits.

## Key Features

1. **Search / Filter**
  - By Driver Name, Lease ID, Medallion, or TLC License.
  - Filters by Deposit Status (Pending, Partially Paid, Paid, Held, Refunded).
2. **Deposit Summary Table**

Each row displays:

  - Lease ID
  - Driver Name
  - TLC License
  - Vehicle Plate
  - VIN
  - Required Amount

- Collected Amount
- Outstanding Amount
- Deposit Status
- Lease Status
- Deposit Due Date (shows “–” for Active leases; **Termination + 30 days** for Terminated leases)

### 3. **Add Deposit Payment**

- Allows adding additional deposit payments (installments) for existing leases.
- Triggers ledger posting (source type = “DEPOSIT”) linked to the same Deposit ID.
- Auto-updates Collected Amount, Outstanding Amount, and Status.

### 4. **Manual Deposit Application**

- Enables finance users to **apply the deposit manually before Hold Expiry Date** (Termination + 30 days) if all dues (EZPass/PVB/TLC) are already known.
- On confirmation, the system:
  - Creates a manual posting in the **Ledger\_Postings** table.
  - Updates Deposit Status from **Held** → **Refunded**.
- Requires an optional comment (“Applied early – all dues cleared”).

### 5. **Reminders & Alerts**

- System auto-generates alerts for:
  - Deposits not fully paid within 2 weeks of lease start.
  - Refunds not processed within 5 days after Hold Expiry Date.

## 4.3 Open Points / Pending Clarifications

### 1. **Vehicle Switch Scenario:**

- Pending BAT clarification on whether deposit should be transferred to the new lease or held/refunded per standard rules.
- Implementation deferred until final decision.

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## 5. Calculation & Ledger Posting Logic

### 5.1 Overview

All deposit-related financial activity (collection, refund, and early application) is captured in the **Centralized Ledger** using a dedicated source type: “**DEPOSIT.**”

The deposit amount represents a **liability** to BAT until refunded or manually applied to outstanding obligations.

## 5.2 Source Table

Table	Description
<b>deposits</b>	Stores all deposit-level information for each lease (one record per lease).
<b>interim_payments</b>	Captures additional deposit payments made after lease creation (installments).
<b>ledger_postings</b>	Holds transactional entries generated from deposit activities (collection, refund, manual application).
<b>ledger_balances</b>	Reflects real-time outstanding deposit liabilities.

## 5.3 Ledger Posting Rules

Event	Trigger	Ledger Posting Logic	Example Entry
<b>Deposit Collection (Full or Partial)</b>	At lease creation or Manage Deposits → Add Payment	<ul style="list-style-type: none"><li>• <b>Debit:</b> Cash / Bank</li><li>• <b>Credit:</b> Deposit Liability (Source Type = DEPOSIT)</li></ul>	Driver pays \$300 deposit → Ledger posts Debit: Cash \$300 / Credit: Deposit Liability \$300
<b>Deposit Top-Up (Installment)</b>	Additional deposit payment	<ul style="list-style-type: none"><li>• <b>Debit:</b> Cash / Bank</li></ul>	Driver adds \$150 → new posting



	recorded in Manage Deposits	<ul style="list-style-type: none"> <li>• <b>Credit:</b> Deposit Liability</li> </ul>	increases Deposit Liability balance
<b>Deposit Hold (Post-Termination)</b>	When lease status = Terminated	<ul style="list-style-type: none"> <li>• No financial posting.</li> <li>• System marks Deposit Status = “Held” and starts 30-day hold timer.</li> </ul>	–
<b>Manual Early Application</b>	Finance user applies deposit manually before Hold Expiry	<ul style="list-style-type: none"> <li>• <b>Debit:</b> Deposit Liability</li> <li>• <b>Credit:</b> Relevant Obligation Category (EZPass / PVB / TLC)</li> <li>• Optional comment stored in audit log</li> </ul>	Finance applies \$200 early to EZPass charges
<b>Auto Application / Refund (Post Hold)</b>	On or after Hold Expiry Date	<ul style="list-style-type: none"> <li>• <b>Debit:</b> Deposit Liability</li> <li>• <b>Credit:</b> Outstanding Obligations (EZPass / PVB / TLC)</li> </ul> <p>Remaining balance, if any →  <b>Debit:</b> Deposit Liability / <b>Credit:</b></p>	\$350 deposit → \$120 EZPass, \$30 PVB, \$200 refunded

		Cash or ACH (Refund)	
<b>Deposit Refund (Manual)</b>	Finance team issues refund manually	<ul style="list-style-type: none"> <li>• <b>Debit:</b> Deposit Liability</li> <li>• <b>Credit:</b> Cash / ACH</li> <li>• Deposit Status → Refunded</li> </ul>	Manual refund of \$250 to driver

#### 5.4 Balance Logic

- **Ledger\_Balances** for source type “DEPOSIT” must always satisfy:  
**Deposit Liability = Total Collected – (Applied + Refunded).**
- Negative balances are not permitted.
- Each deposit line in Ledger\_Balances is linked to a single **Deposit ID** and **Lease ID**.
- When **Deposit Status = Refunded**, the balance line is closed (set to zero).

#### 5.5 Integration with DTR

- Deposits **do not appear as deductions or credits** in the weekly DTR.
- However, when deposits are applied (manual or auto), the **Ledger impact** is visible in the associated category (EZPass / PVB / TLC) during DTR generation.
- This ensures accurate financial reflection without cluttering driver DTRs with deposit-specific lines.

#### 5.6 Audit & Reconciliation

- Every ledger posting generated from deposits must store:
  - **Reference Type:** DEPOSIT
  - **Reference ID:** Deposit ID
  - **Linked Lease ID**
  - **User / System Action** (who triggered it)
- Reconciliation check:  
**Sum of Ledger\_Postings (DEPOSIT)** must equal **Deposit Liability in Ledger\_Balances** at

any given time.

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## 6. Retention & Refund Logic

### 6.1 Retention Trigger

- When a **lease is terminated**, the system automatically updates the associated **Deposit Status** → **Held**.
- The **Hold Expiry Date** is generated as:  
**Hold Expiry Date = Lease Termination Date + 30 days.**
- The deposit remains locked (non-refundable and non-editable) during this 30-day period.

### 6.2 Purpose of Hold

The 30-day hold allows BAT to account for **delayed external postings** that may arrive after lease termination, including:

- **EZPass toll charges** (delayed CSV postings)
- **PVB violations** (late Department of Finance updates)
- **TLC tickets** (late-reported regulatory fines)

No internal obligations (Repairs, Loans, etc.) are affected by this hold.

### 6.3 Post-Hold Processing (Automatic)

On or after the **Hold Expiry Date**, the system automatically evaluates all open obligations associated with the terminated lease.

#### Logic Flow

1. Retrieve all open balances from **Ledger\_Balances** where:
  - Entity = Driver / Leaseholder
  - Lease\_ID = [Terminated Lease]
  - Source\_Type ∈ (EZPASS, PVB, TLC)
2. Sequentially apply the **deposit balance** against these obligations (oldest first).
3. Compute remaining balance:
  - **Remaining = Deposit Liability - Obligations Applied**
4. If **Remaining > 0**, mark as **Refund Due**.
5. Auto-generate **ledger postings**:

- **Debit:** Deposit Liability
- **Credit:** Obligation Category (EZPASS / PVB / TLC)
- If refund due → **Debit:** Deposit Liability / **Credit:** Cash or ACH.

6. Update **Deposit Status** → **Refunded**.

#### 6.4 Manual Early Application

Finance staff may manually apply a deposit **before the 30-day hold expiry** if all obligations are confirmed cleared.

##### Action Path

- Accessible through **Manage Deposits** → **Manual Apply**.
- Requires user confirmation.
- Generates the same ledger postings as automatic application.
- Deposit Status transitions directly from **Held** → **Refunded**.
- Optional comment field (“All dues cleared – early release”).

#### 6.5 Refund Workflow

- When a refund is due (auto or manual), system generates a **Refund Record** containing:
  - Lease ID
  - Deposit ID
  - Refund Amount
  - Payment Mode (ACH / Check)
  - Refund Date
  - Reference Number (Batch or Check ID)
- Refund entries are reflected in **Ledger\_Postings** (Source Type = DEPOSIT).
- Refund is also displayed in the **Manage Deposits** page under column “Refund Amount.”

#### 6.6 System Alerts

1. **Refund Pending Alert** – triggered **5 days before Hold Expiry Date** to notify Finance.
2. **Refund Overdue Alert** – triggered **5 days after Hold Expiry Date** if no refund has been processed.
3. Both alerts appear in the **Deposits Dashboard** and can also be emailed to finance admins.

## 6.7 Edge Conditions

- Deposits with **Collected Amount < Required Amount** at termination still follow the same hold and refund flow; the partial balance is applied or refunded.
  - Once deposit is refunded, the **Deposit ID is closed** and cannot be reused.
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## 7. Validation Rules

### 7.1 General Rules

#### 1. Mandatory Deposit Record

- Every new lease must create an associated deposit record ( **Deposit ID** ).
- Lease creation cannot complete without a deposit record, even if **Deposit Collected = 0**.

#### 2. Unique Deposit per Lease

- Only one active deposit record can exist per lease.
- A terminated lease cannot generate a new deposit record.

#### 3. Deposit ID Integrity

- The same **Deposit ID** is retained for all installments or partial payments made against the same lease.
- Deposit IDs cannot be manually edited or reused.

#### 4. Ledger Posting Enforcement

- Every deposit collection or refund must create a **corresponding Ledger\_Posting** (Source Type = DEPOSIT).
- No manual deposit entry is permitted outside the ledger posting framework.

### 7.2 Collection & Payment Validations

#### 1. Required Amount Field

- Must be pre-populated (default = 1 week lease fee).
- Editable only by BAT user at lease creation.
- Cannot be blank.

#### 2. Collected Amount Field

- Must be  $\geq 0$  and  $\leq$  Required Amount.
- Negative values are not permitted.

#### 3. Installments / Partial Payments

- Each additional payment updates **Collected Amount** and triggers new ledger posting.
- Once **Collected Amount = Required Amount** , Deposit Status → **Paid**.

#### 4. **Two-Week Completion Rule**

- System must trigger reminder alerts if deposit not fully paid within 14 days of lease start.
- Lease cannot be renewed or transferred until deposit is fully paid.

### 7.3 Retention & Refund Validations

#### 1. **Hold Expiry Date Generation**

- Generated only when Lease Status = Terminated.
- Must equal **Lease Termination Date + 30 days** .
- Cannot be manually edited.

#### 2. **Deposit Held State**

- While Held, no edits or additional collections are allowed.
- Only refund or early-apply actions are permitted.

#### 3. **Refund Calculation**

- Refund amount = Deposit Liability – (Total Applied to Obligations).
- Refund cannot exceed total deposit collected.

#### 4. **Refund Status Transition**

- Deposit Status must transition directly from **Held** → **Refunded** (manual or auto).
- Once refunded, the Deposit ID is closed; no further postings allowed.

### 7.4 Ledger & Reconciliation Validations

#### 1. **Ledger Posting Balance Rule**

- For each Deposit ID:  

$$\text{Collected Amount} = \text{Sum}(\text{Debits} - \text{Credits}) \text{ in Ledger\_Postings.}$$
- **Ledger\_Balances** must always match this total.

#### 2. **No Negative Balances**

- Deposit liability cannot go negative in Ledger\_Balances.
- Any adjustment that would create a negative balance must be rejected.

#### 3. **Reference Integrity**

- Every ledger posting for Source Type = DEPOSIT must include:

- Deposit ID
- Lease ID
- Reference Type = DEPOSIT
- User or System Action ID

#### 4. Reconciliation Check

- System must reconcile **Total Deposit Collected – Total Refunded = Current Deposit Liability.**
- Discrepancies flagged for Finance review.

### 7.5 UI & Reminder Validations

#### 1. Reminders

- Deposit not fully paid within 2 weeks → auto reminder.
- Refund not processed within 5 days after Hold Expiry → overdue alert.

#### 2. Visibility

- Deposit due date (Hold Expiry Date) displayed only for terminated leases; “–” for active leases.

#### 3. Access Control

- Only authorized Finance or Admin users may perform manual early applications or refunds.

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## 8. Sample Scenarios

### 8.1 Scenario 1 – Full Deposit Collected at Lease Creation

#### Context:

- Lease ID: LS-2054
- Required Deposit Amount: \$350 (1 week of lease fee)
- Driver pays full \$350 during lease creation.

#### System Behavior:

1. **Lease Creation:** Deposit record created with **Deposit ID = DEP-LS-2054-01.**
2. **Ledger Posting:**
  - Debit: Cash / Bank \$350
  - Credit: Deposit Liability (Source Type = DEPOSIT) \$350
3. **Deposit Status:** **Paid**

4. **Lease Termination:** On termination, Deposit Status → **Held** and 30-day hold timer begins.

5. **After Hold Expiry:**

- System checks for open EZPass/PVB/TLC obligations.
- Finds \$75 EZPass charge → applies it.
- Refunds \$275 to driver via ACH.
- Final Ledger Postings:
  - Debit: Deposit Liability \$75 → Credit: EZPass \$75
  - Debit: Deposit Liability \$275 → Credit: Cash/ACH \$275
- Deposit Status → **Refunded**.

## 8.2 Scenario 2 – Partial Deposit Paid at Creation, Completed Later

### Context:

- Lease ID: LS-3098
- Required Deposit Amount: \$400
- Driver pays \$200 at lease creation, \$200 in week 2.

### System Behavior:

1. **Lease Creation:** Deposit record created with Deposit ID = DEP-LS-3098-01.
2. **Ledger Postings:**
  - At creation → Debit: Cash \$200 / Credit: Deposit Liability \$200
  - At week 2 → Debit: Cash \$200 / Credit: Deposit Liability \$200
3. **Deposit Status Progression:**
  - Creation → **Partially Paid**
  - Week 2 → **Paid**
4. **Lease Termination:** Deposit held for 30 days, then fully refunded (no dues found).
5. **Refund Posting:** Debit: Deposit Liability \$400 / Credit: Cash/ACH \$400
6. **Final Status:** **Refunded**

## 8.3 Scenario 3 – Deposit Unpaid at Lease Creation

### Context:

- Lease ID: LS-4120



- Required Deposit Amount: \$350
- Deposit Collected = \$0 at creation.

#### **System Behavior:**

1. **Lease Creation:** Lease allowed to proceed; Deposit record created with Outstanding = \$350.
2. **Reminders:**
  - Week 1 → Reminder: “Deposit not fully paid – LS-4120.”
  - Week 2 → Deadline alert triggered.
3. **Week 2 Payment:** Driver pays \$350. Ledger posting generated.
4. **Deposit Status:** Paid
5. **No further action** unless lease terminates (standard 30-day hold rule applies).

#### **8.4 Scenario 4 – Terminated Lease with Late Charges**

##### **Context:**

- Lease ID: LS-5201
- Required Deposit Amount: \$400
- Fully paid at creation.
- Terminated on 10 Oct → Hold Expiry 9 Nov.
- During hold, \$50 PVB ticket and \$25 TLC fine are posted.

##### **System Behavior:**

1. **On Termination:** Deposit Status → Held .
2. **Hold Period:** System tracks new postings (EZPass/PVB/TLC).
3. **At Hold Expiry:**
  - Total dues = \$75.
  - System applies \$75 from deposit.
  - Refunds remaining \$325 to driver.
4. **Ledger Postings:**
  - Debit: Deposit Liability \$50 → Credit: PVB \$50
  - Debit: Deposit Liability \$25 → Credit: TLC \$25
  - Debit: Deposit Liability \$325 → Credit: Cash/ACH \$325
5. **Deposit Status:** Refunded

## 8.5 Scenario 5 – Early Manual Application

### Context:

- Lease ID: LS-6112
- Required Deposit Amount: \$500 (fully paid).
- Terminated on 5 Oct → Hold Expiry 4 Nov.
- Finance team confirms no pending obligations by 20 Oct.

### System Behavior:

1. **Finance User Action:** Clicks “Manual Apply” on Manage Deposits page.
2. **System Confirmation:** “Apply deposit early – all dues cleared?”
3. **Ledger Posting:**
  - Debit: Deposit Liability \$500
  - Credit: Cash/ACH \$500
4. **Deposit Status:** Held → Refunded (early).
5. **Audit Record:** Stores user, date, and comment (“All dues cleared – early release”).

## 8.6 Scenario 6 – Edge Case: Lease Terminated Before Deposit Fully Paid

### Context:

- Lease ID: LS-7010
- Required Deposit = \$400; only \$150 collected.
- Lease terminated after 4 days.

### System Behavior:

1. Deposit Status → **Held** (partial balance of \$150).
  2. Hold Expiry Date = Termination + 30 days.
  3. After hold, system finds \$120 EZPass due.
  4. Applies \$120, refunds \$30.
  5. Ledger Postings:
    - Debit: Deposit Liability \$120 → Credit: EZPass \$120
    - Debit: Deposit Liability \$30 → Credit: Cash/ACH \$30
  6. Deposit Status → **Refunded**.
-