

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**.

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**.

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

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

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

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.

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

5.3 Ledger Posting Rules

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

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

		Cash or ACH (Refund)	
Deposit Refund (Manual)	Finance team issues refund manually	<ul style="list-style-type: none"> • Debit: Deposit Liability • Credit: Cash / ACH • Deposit Status → Refunded 	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.

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.
-

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 ≥ 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:
- Collected Amount = Sum(Debits - Credits)** 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.
-

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**.
-