HERNANDO COUNTY D.O.G.E. COMMITTEE

Quarterly Operational Audit & Status Report

Date: July 20, 2026 **To:** Hernando County Board of County Commissioners (BOCC) **From:** Paul Passarelli, Chairman

EXECUTIVE SUMMARY

As the Delegation on Government Efficiency (DOGE) enters its second year, the committee has transitioned from preliminary structural reviews to granular, data-driven audits of county operations. This quarter, our primary focus has been the utilization of the County's light-duty vehicle fleet and the efficiency of internal procurement practices.

This report details a mathematically verifiable over-allocation of light-duty vehicles representing over **$1.2 Million in capturable liquidation value**, alongside severe compliance risks regarding IRS regulations on taxable fringe benefits. Furthermore, this report formally notifies the BOCC of ongoing administrative delays within the Finance and Procurement departments that are actively preventing the capture of point-of-sale savings and blocking necessary financial transparency.

SECTION 1: FLEET UTILIZATION & RUN-RATE AUDIT

Methodology: To bypass aggregated, department-level fuel data, the committee analyzed the County's Master Asset List (721 total assets) using an "Annualized Run-Rate" formula. By isolating the light-duty passenger fleet and dividing current odometers by total quarters in service, we accurately mapped the true utilization of these taxpayer-funded assets.

Findings: Systemic Light-Fleet Over-Allocation After filtering out heavy machinery, trailers, and emergency response apparatus, the data reveals severe systemic bloat within the light-duty fleet. Out of the active light fleet, **206 vehicles fall into extreme low-usage or highly suspect categories.** * **"Zombie" Assets (10 Vehicles):** Moving less than 130 miles per quarter (< 2 miles/day). These provide zero operational value.

- **"Yard" Assets (80 Vehicles):** Moving between 130 and 1,250 miles per quarter. These are essentially parked spares gathering dust while absorbing depreciation, insurance, and maintenance costs.
- **"Shadow Commuters" (116 Vehicles):** Moving between 1,250 and 2,500 miles per quarter. This mileage cadence mathematically aligns with a daily home-to-office commute, with virtually no active field dispatching.

Strategic Recommendations & Liabilities:

1. **Immediate Liquidation:** We recommend the BOCC direct the immediate liquidation of the 90 "Zombie" and "Yard" vehicles via public auction. At a highly conservative estimate of $13,500 per vehicle, this represents an immediate **$1.21 Million capital injection**, plus the elimination of ongoing fleet insurance liabilities.
2. **IRS Pub 15-B Compliance Warning:** Unmasked take-home vehicles that do not fulfill mandatory 24/7 emergency response roles represent a massive compliance liability. Under IRS Publication 15-B, personal commuting mileage must be reported as a taxable fringe benefit (imputed income). We strongly advise the BOCC to audit the Payroll Department immediately to ensure imputed income is being reported on the W-2s for the 116 drivers utilizing these "Commuter" assets. Failure to do so exposes the County to federal tax audits.

SECTION 2: ADMINISTRATIVE DELAYS & PROCUREMENT PARALYSIS

The DOGE committee is capable of producing high-value fiscal insights, but our progress is currently severely hindered by a lack of administrative cooperation. While we acknowledge and grant grace for the Clerk’s ongoing transition to the new "Tyler" software system, we must report that basic, non-software-related efficiencies are being ignored.

1. Point-of-Sale Negligence (The Lowe’s Discount) The committee previously recommended securing standard commercial discounts for county-wide point-of-sale purchases. The County has spent over seven months (since December 2025) attempting to link a Lowe's discount to the Omnia cooperative contract. The stated reason for failure is an "unresponsive sales representative." Allowing a single unresponsive vendor rep to prevent the County from saving taxpayer money for over half a year highlights a deeply fragile procurement culture.

2. Financial Transparency Withheld (Finance Department) The DOGE committee cannot execute its BOCC-mandated oversight if County departments refuse to provide basic financial ledgers. Outstanding, unfulfilled data requests dating back to January and February 2026 include:

- The current 2026 P-Card expenditure details (itemized by user and transaction).
- The translation key for "Blind Vendor Codes." The committee was provided a 2,979-page ledger where payees were obscured behind vague codes (e.g., "The Bank"). Finance has provided *No Response* to our request for the vendor key required to read this public ledger.

SECTION 3: UPCOMING INQUIRIES (HUMAN RESOURCES)

In the coming weeks, the DOGE committee will be submitting formal requests to Human Resources to evaluate "shadow staffing" costs. Specifically, we will be auditing the trailing 24-month expenditures regarding:

1. County-wide reliance on temporary staffing agencies.
2. Departmental overtime bloat used to mask operational inefficiencies.
3. Hidden, percentage-based commission fees paid to outside Insurance Brokers for the renewal of county health, life, and disability benefits.

CONCLUSION & ACTION REQUESTED

We respectfully request the BOCC to:

1. Review the attached Fleet Run-Rate Matrix and initiate the surplus/liquidation of the identified low-use assets.
2. Require representatives from the Finance and Procurement departments to attend the upcoming August 10th DOGE meeting prepared to supply the withheld P-Card ledgers and Vendor Translation Keys.

Respectfully Submitted,

Paul Passarelli Chairman, Hernando County D.O.G.E. Committee

"Commissioners, thank you. As the DOGE Committee officially crosses its one-year anniversary, my remarks today will be uncomfortably brief. I will let our written report do the heavy lifting.

Our primary focus this quarter has been the County's light-duty passenger fleet. Rather than relying on complex financial reporting, we conducted an 'Annualized Run-Rate' analysis using basic odometer readings and time-in-service. The math is undeniable.

Out of 400 light-duty vehicles, **206 of them—over half the light fleet—fall into extreme low-usage or highly suspect categories.** This includes 90 'Yard' or 'Zombie' vehicles moving less than 19 miles a day, serving essentially as parked spares. Liquidating just these assets at public auction represents an immediate, capturable capital injection of **over $1.2 Million**, not including the elimination of their ongoing insurance and maintenance burdens.

Furthermore, we identified 116 vehicles operating on a mileage cadence mathematically consistent with a personal, daily home-to-office commute. I strongly urge the Board to review the attached matrix to ensure the County is fully compliant with IRS Publication 15-B regarding taxable fringe benefits and imputed income for those specific drivers.

Regarding our broader fiscal reviews: The committee is fully aware that the County Clerk's office is currently navigating the massive transition to the Tyler software system. We understand this IT conversion impacts the speed at which we can receive general ledger data, and we are adjusting our investigative targets so we don't unduly burden that transition.

However, true efficiency doesn't always require a database query. For example, we noted in our written report that it has taken seven months to simply attempt to link a standard Lowe's commercial discount to a purchasing contract.

We must ensure that while the county focuses on upgrading its digital infrastructure, we do not let basic, point-of-sale savings fall through the cracks.

The full fleet matrix and our detailed findings are in your packets. Thank you for your time, and we look forward to continuing this work."