



Statement of Financial Information (SOFI) Fact Sheet

What is the “SOFI Report”?

The *Financial Information Act*, enacted in 1985, requires municipalities and other government organizations to prepare a Statement of Financial Information (SOFI) Report. The SOFI Report exists to open the books of municipalities, giving the public clear, standardized insight into who gets paid, where money goes, and how local governments manage public funds. SOFI Reports make it easy to see the big picture and support transparency, but they don't include enough detail for deeper review.

SOFI Reports answer:

- ✓ Who got paid
- ✓ Which vendors received money

SOFI Reports struggle to answer:

- ✗ Why money was spent
- ✗ Whether spending was efficient
- ✗ How projects or outcomes performed

The financial statements show the City's overall finances. The SOFI Report provides more detail by listing payments to suppliers and the pay and expenses of employees. These lists only include amounts above set limits, which have not changed since 2002.

All British Columbia municipalities must follow the same reporting requirements, creating consistency across local governments, allowing for comparisons between municipalities, and supporting provincial oversight and data collection. The format varies slightly by city, but the core sections are standardized. The report must be made public within six months of the fiscal year-end.

More broadly, the SOFI Report is part of BC's financial reporting system, which helps make sure local governments are accountable to residents for how they raise and spend money.



What does the SOFI Report include?

- Employee payments and expenses greater than \$75,000
- Mayor and Councillor payments and expenses
- Awarded grants greater than \$25,000
- Amounts paid to suppliers of goods and services greater than \$25,000

What is an employee expense in the SOFI Report?

- Payments to employees or to a third party on their behalf that are not included in “remuneration,” such as professional membership fees
- Expenses aren’t limited to personal benefits, such as conference fees. They can also include other work-related costs
- Expenses that support employees in doing their jobs, such as mileage

General employee benefits covered by an agreement such as medical, dental, counselling, and insurance are not included as SOFI Report expenses



What’s included in the SOFI Report:

- Pay for employees, the Mayor, and Councillors (any form of salary, wages, and taxable benefits)
- Deferred income paid by the employer
- Some expenses (see below for details)

Severance payments are not included.

Employee expenses included in the SOFI Report include, but are not limited to:

- Travel costs (fuel, airplane, taxi, bus, car rental, vehicle lease, hotel, advance, per diem, etc.)
- Membership, conference, course registration, tuition, exams, and recertification fees and dues
- Moving expenses and allowances
- Retirement and year of service allowances

Items not considered employee expenses for the SOFI Report include, but are not limited to:

- Work-related supplies, uniforms, or specialized clothing (e.g. personal protection equipment)
- Work-related meals and food, cell phone plan reimbursements, and salary deferral interest payments
- Work-related medical exam and doctor’s form fees
- Honourariums, grants, parks and recreation refunds, and long service awards
- Petty cash and floats

Is the SOFI Report useful?

On its own, the SOFI Report is like a list of transactions. To turn it into something meaningful, it must be “layered” with other municipal documents that explain intent, totals, and outcomes.

SOFI Report = The Receipts → Who got paid

Use the SOFI Report to identify high-paid employees, major vendors, and large expense claims.

- This is the starting point (the clues).



Step 1

Pick a line from the SOFI Report

For example:

- A construction company was paid \$5 million
- A staff member earned \$140,000

Ask “Why did the City incur these expenses?”

Five-Year Financial Plan (Budget) = The Plan → What Was Planned

Look at the City’s Five-Year Financial Plan (Budget) to see planned spending by department, approved capital projects, and expected staffing levels.

- This tells what the City intended to spend.



Step 2

Find it in the Five-Year Financial Plan (Budget)

Search for the related capital project lists and department budgets to find:

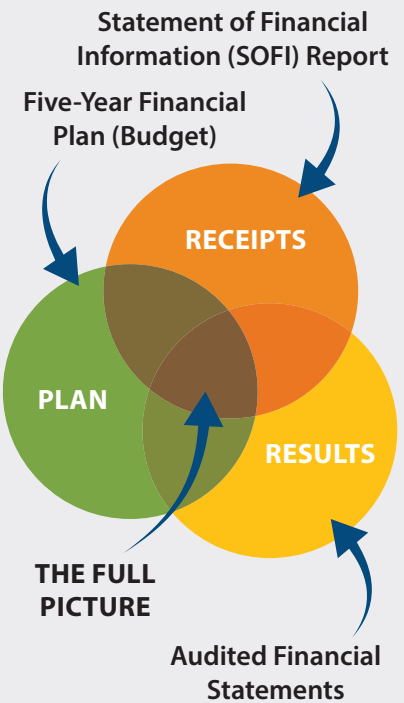
- Road rehabilitation project – \$6 million
- Engineering Division staffing increase

Now you know that this payment wasn’t random. It was planned and authorized by Council.



Here’s a practical way to work through the process

Three documents make the SOFI Report useful:



Is the SOFI Report useful? (continued)

Audited Financial Statements = The Results → What Actually Happened

The Audited Financial Statements show total revenues and expenses, surpluses and deficits, and asset and debt levels.

- This gives the big-picture.

You need all three documents to understand the full picture.

Combining these documents turns the SOFI Report from a list of numbers into a clear explanation of how public money was planned, spent, and accounted for.



Step 3

Find confirmation in the Audited Financial Statements

Check:

- Did total capital spending set out in the SOFI Report align with what was listed in the Five-Year Financial Plan (Budget)?
- Did overall expenses increase?

Now you can tell if the City was on track, overspending, or underspending.



Step 4

Add Council Reports (Optional, but Powerful)

Council reports attached to Council meeting agendas and the resulting meeting minutes often include project approvals or explanations for project variances.

Now you can answer why decisions were made.



This approach helps you detect:

Red flags

- Vendor payments with no clear project in the budget
- Spending far above what was approved
- Rapid salary growth without staffing changes

Normal patterns

- Big payments tied to capital projects
- Salary increases matching union agreements
- Variances explained in financial notes



Issues with SOFI Reports

SOFI Reports are useful, but they're far from perfect. Most issues come from how the information is structured, limited, or easy to misinterpret, rather than being outright errors.

Here is some information and explanation of the main issues:

Lack of context

You see what was spent but not why. The SOFI Report shows raw numbers without explanation.

- A salary might look high, but the SOFI Report doesn't explain if it is a specialized role or whether the salary includes overtime, acting pay, or allowances.
- A large supplier payment might seem suspicious, but it could be tied to a one-time or infrequent infrastructure project, like inspections of water or sewer lines.

Easy to misuse or misinterpret

Because it's simple and public, the SOFI Report is often used to highlight high salaries without context and to question spending without understanding municipal projects.

- This situation can drive misleading conclusions if the SOFI Report information is not paired with the Five-Year Financial Plan (Budget), Audited Financial Statements, and Council reports.

Pay amounts can be misinterpreted

The salary may include overtime, acting pay (additional compensation for covering a more senior role), and/or retroactive union pay increases.

- Unfortunately, people often compare numbers without realizing they're not comparing apples to apples.
- Comparing employee payments and the number of employees in each category from year-to-year can be skewed due to employee turnover, attrition, and internal transfers.

Compliance-focused and not user-friendly

The SOFI Report exists to meet legal requirements under the *Financial Information Act*.

- It is not intended to be a perfect analytical tool.
- The report includes very little explanation, few visuals, and is not designed for easy public understanding.

Privacy versus transparency tension

To protect privacy, only higher earners are disclosed and some details are grouped.

- This means the full workforce compensation structure is not captured because the SOFI Report doesn't include lower-paid staff.

Reporting limits have not been updated since 2002

The SOFI Report only includes employees earning over \$75,000 and suppliers paid over \$25,000, which does not provide a complete picture, just what crosses the thresholds.

- Someone who earned \$74,999 is not listed.
- Multiple small payments to a supplier may not appear.
- The thresholds are outdated, creating lists that are long and that don't highlight major costs as originally intended.

Issues with SOFI Reports (continued)

Not aligned with Audited Financial Statements

It's easy to misunderstand the City's actual financial position when only looking at the SOFI Report, as it is prepared differently than other standard municipal financial statements.

- The SOFI Report is closer to cash-based reporting, while Audited Financial Statements follow accrual accounting.
- Totals don't match cleanly. For example, the SOFI Report includes salaries and wages from the first week of January that are considered as part of the previous month in the Audited Financial Statements.
- The costs and payments included in the SOFI Report do not reflect net costs after recoveries from other government agencies.
- The reconciliation section, which contains adjustments to balance the SOFI Report to the Audited Financial Statement's labour reporting by department and section, can be confusing or overlooked.

Fragmented view of spending

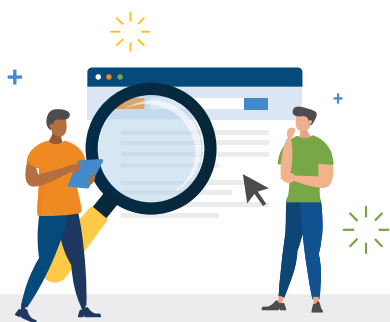
Payments to suppliers are shown by vendor, not by project.

- A single project could involve engineers, contractors, and consultants, which appear as separate line items in the SOFI Report, making it difficult to easily determine how much the project cost in total.

Vendor corporate structure can be misleading

There could be different legal entities for the same vendor group, including name changes, subsidiaries, or joint ventures that are not captured.

- It is more difficult to track total spending with one vendor group if their different entities are listed separately.
- The SOFI Report is not intended to provide detailed expense auditing.



Information sources:

- <https://www2.gov.bc.ca/gov/content/governments/services-for-government/public-sector-management/plan-report/financial-information-act-administration>
- <https://council.vancouver.ca/20190402/documents/a2.pdf>
- <https://www.ufv.ca/finance/reporting/statement-of-financial-information-sofi/>
- <https://www.victoria.ca/city-government/resources/statement-financial-information>
- <https://www.dnv.org/government-administration/statement-financial-information-sofi>
- <https://www.portmoody.ca/city-government/budget-and-finances/statement-of-financial-information/>