

Town Debt

Municipalities are permitted to incur external debt subject to a limit set by the province. Debt normally takes the form of a debenture, which works very much like a fixed rate, fixed term mortgage. Payments are normally made twice per year and are fixed in total amount. Like a mortgage, the mix of interest and principal change with each payment. Debentures are “closed” in that no extra payments are permitted during the term.

The acquisition of debt and debentures can play a very important role in the Town’s finances. Debt can provide liquidity to fund new assets, infrastructure and other capital projects when an asset is built in advance of growth. The Town should continue to use debt wisely over the long-term and understand that the prudent issuance of debt is an efficient use of available financial resources.

Debt Limit

Under Provincial legislation, municipalities are allowed to incur third party debt up to a certain limit. The limit is not an amount of debt, but rather is expressed as a maximum amount of annual debt service payments allowed. Debt service payments include both interest and principal amounts paid in a year towards external debt. The limit is calculated by the province each year and is set at 25% of “own source revenues”. The Town’s 2025 limit of \$25,117,795 was calculated based upon 2024 audited financial results.

Considering the Town’s total 2025 debt service payments of \$1,500,700, its remaining available 2025 debt service capacity is \$23,617,095 (\$25,117,795 less \$1,500,700). With the debt service payments listed below, the Town currently operates at 5.9% of its allowable debt limit for 2025.

Available Debt Options

The Town has the following debt options available to it:

Short-Term – One Year to Five Years

- Internal borrowing
- Construction financing
- Short term cash advances from Infrastructure Ontario

Long-Term – Greater than Five Years

- Debentures
- Lease financing agreements

Current Outstanding External Short and Long-Term Debt

The Town's debt policy defines formal financial guidelines and appropriate controls for the issuance and management of debt for the Town of Aurora. This policy includes objectives, standards of care, authorized financing instruments, reporting requirements and responsibilities for the prudent financing of the Town's infrastructure needs.

In 2025, the Town's short-term construction line of credit balances for its Aurora Town Square and SARC Gymnasium construction projects was converted to 20-year long-term debentures upon their substantial completion.

The following debentures are outstanding as of December 31, 2025, as detailed below:

	Length and Rate	Outstanding Principal	End Date	Repayment Funding Source(s)
Long Term Financing: Long-Term Debenture				
LED Streetlight Conversion	10 years 2.29%	181,656	2026	Annual operating budget utility savings
Aurora Sports Dome Purchase & Retrofit	15 years 2.42%	1,228,084	2036	Aurora Sports Dome annual operating revenues
Hallmark Baseball Diamonds	20 years 2.65%	2,834,204	2041	Parks & Recreation DCs
SARC Gymnasium	20 years 4.59%	8,072,708	2045	Parks & Recreation Dcs
Aurora Town Square	20 Years 4.36%	3,936,322	2045	Parks & Recreation DCs
Subtotal Long Term Financing		16,252,974		
Total Debt Obligation		16,252,974		