This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment. The District will make available its final Official Statement with respect to the Securities. This Preliminary Official Statement is for information purposes only and does not constitute an offer to sell or the solicitation of any offer to buy the Securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 28, 2026

MOORS & CABOT INVESTMENTS
Banking & Advisory Group

NEW ISSUE

S&P:

In the opinion of Pierce Atwood LLP of Portland, Maine, Bond Counsel ("Bond Counsel"), and assuming compliance certain provisions of the Internal Revenue Code of 1986, as amended (the "Code") and with certain tax covenants, under existing statutes, regulations and court decisions, interest on the Notes (as defined herein) is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest on the Notes is not an item of tax preference for purposes of calculating the alternative minimum tax under Section 55 of the Code; however, such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel is also of the opinion that pursuant to Section 20(8) of the District's Charter (as defined below), interest paid on the Notes is free from taxation within the State of Maine (the "State"). **The District <u>will not</u> designate the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.** See "THE NOTES—TAX MATTERS" and "APPENDIX B" herein.

KENNEBUNK SEWER DISTRICT, MAINE
$19,250,000
2026 SEWER SYSTEM REVENUE BOND ANTICIPATION NOTES
DATED: NOVEMBER 16, 2026; DUE NOVEMBER 15, 2027,
OFFERED @ ___.___%, TO YIELD _____%
CUSIP: 489297___

The Kennebunk Sewer District 2026 Sewer System Revenue Bond Anticipation Notes (the "Notes") will be issued as fully-registered certificates without coupons and, when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Notes. Purchases of the Notes will be made in book-entry form, in the minimum denomination of $100,000 or any $5,000 integral multiple thereafter. Purchasers will not receive certificates representing their interest in Notes purchased. See "THE NOTES—BOOK-ENTRY-ONLY SYSTEM" herein. Principal and interest on the Notes will be paid to DTC by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as Paying Agent. Interest on the Notes will be payable at maturity, on November 15, 2027.

The legal opinion of Bond Counsel will be provided to the original purchaser and will indicate that the Notes are valid and binding legal obligations of the Kennebunk Sewer District (the "District"), and are payable as to principal, premium, if any, and interest from sewer rates, fees, entrance charges, assessments, rents, supplemental charges and other lawful charges established by the District. Section 16 of the District Charter provides that the District rates for services shall be so established by its Trustees to produce revenue to pay, *inter alia*, the current expenses for operating and maintaining the District's sewerage, drainage and treatment system and to provide for the payment of the principal of, premium, if any, and interest on all bonds and notes issued by the District, including the Notes. The District does not have the power of taxation. The opinion will indicate that the obligations of the District, including the Notes, are subject to bankruptcy, insolvency, reorganization, moratorium or other laws affecting the rights and remedies of creditors generally and are subject to the exercise of judicial discretion in appropriate cases. The opinion will be dated and given on and will speak as of the date of original delivery of the Notes to the original purchasers.

The Notes are not subject to redemption prior to their stated date of maturity.

The Notes are offered when, as and if issued, subject to the approval of legality by Pierce Atwood LLP of Portland, Maine, Bond Counsel. Moors & Cabot, Inc., Boston, Massachusetts, serves as Municipal Advisor to the District. It is expected that the Notes in definitive form will be available for delivery to DTC on or about November 16, 2026.

No dealer, broker, salesman or other person has been authorized by the District or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering of the Notes, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the District and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, any party other than the District. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the District since the date hereof.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE NOTES IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAWS OF THE STATES IN WHICH THE NOTES HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES, CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NONE OF THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE NOTES OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The CUSIP® numbers set forth in this Official Statement have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the holders of the Notes. Neither the District nor the Underwriter makes any representation with respect to the accuracy of such CUSIP numbers set forth in this Official Statement or undertakes any responsibility for the selection of the CUSIP numbers or their accuracy now or at any time in the future. The District is not responsible for the selection or uses of the CUSIP® numbers and no representation is made as to their correctness on the Notes or as set forth in this Official Statement. The CUSIP® number for a specific maturity of the Notes is subject to change after the issuance of the Notes and as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that may be applicable to all or a portion of certain maturities of the Notes.

CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2022 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the City, Bond Counsel, the Municipal Advisor or the Underwriter or their respective agents or counsel assume responsibility for the accuracy of such numbers.

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CERTIFICATE
CONCERNING OFFICIAL STATEMENT

The information contained herein has been prepared by the Kennebunk Sewer District, Maine with the assistance of Moors & Cabot, Inc., its Municipal Advisor, from the records of the District and from various other public documents and sources that are believed to be reliable. There has been no independent investigation of such information by the District's Municipal Advisor or by Pierce Atwood LLP, Bond Counsel and such information is not guaranteed as to accuracy or completeness and is not intended to be a representation by the Municipal Advisor or Bond Counsel.

This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not representation of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the condition or affairs of the District or its agencies and authorities, since the date hereof.

To the best of the knowledge and belief of the Treasurer, this Official Statement does not contain any untrue statement of material fact and does not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the District is not guaranteed as to accuracy, completeness or fairness, he has no reason to believe that such information is materially inaccurate or misleading. A certificate to this effect, with such if any corrections, changes and additions as may be necessary, will be signed by the Treasurer and furnished at the closing.

This Official Statement is in a form "deemed final" by the issuer for purposes of Securities and Exchange Commission's Rule 15c2-12(b) [17 C.F.R. §240.15c2-12(b)] except for the omission from the Preliminary Official Statement of such information as is permitted by such Rule.

Wayne A. Brockway
Treasurer
Kennebunk Sewer District, Maine

OFFICIAL STATEMENT

KENNEBUNK SEWER DISTRICT, MAINE
$19,250,000
2026 SEWER SYSTEM REVENUE BOND ANTICIPATION NOTES

INTRODUCTORY STATEMENT

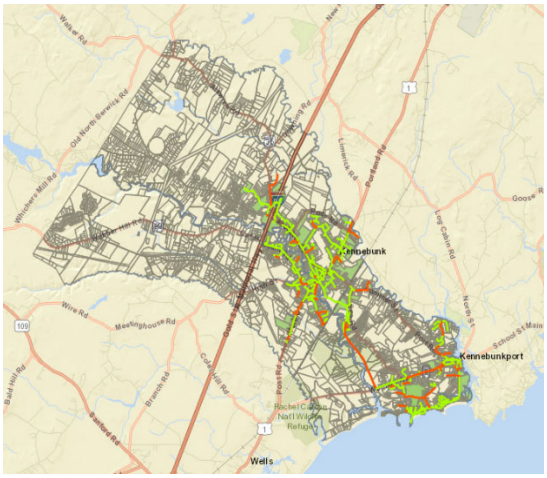
This Official Statement provides certain information in connection with the issuance by the Kennebunk Sewer District, Maine (the "District") of its $19,250,000 2026 Sewer System Revenue Bond Anticipation Notes (the "Notes").

The Notes will be issued pursuant to Section 20 of the District Charter (the "Charter", constituting Chapter 9 of the Private and Special Laws of Maine (2015), as amended and supplemented and by resolutions adopted by the District's Board of Trustees at a meeting thereof duly called and held on March 5, 2024.

Pursuant to Sections 16(6) and 20 of the Charter, the principal of, premium, if any, and interest on the Notes are payable by the District from sewer rates, fees, entrance charges, assessments, rents and other lawful charges established by the District from the operation of its sewer system. The District does not have the power of taxation. The District does have the power of eminent domain. The Notes and all other debt issued by the District are legal obligations of the District.

Pursuant to Section 20(4) of the Charter, the Notes are secured by a pledge of net revenues of the District ("Net Revenues"). The District Net Revenues available for debt service show a debt service coverage ratio in excess of 1.25x over the last five years. See "INDEBTEDNESS – DEBT SUMMARY - Debt Service Coverage" herein.

THE NOTES DO NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF MAINE OR THE TOWN OF KENNEBUNK, NOR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OR THE TOWN, BUT THE NOTES ARE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR THAT PURPOSE BY THE DISTRICT.



The District is a public sewerage district and a quasi-municipal corporation established and existing under the name "Kennebunk Sewer District." The District territory consists of that part of the Town of Kennebunk situated between the Atlantic Ocean and the southeasterly side of the Maine Turnpike and the territory of the Town situated on the northwesterly side of the Maine Turnpike, as further described in its Charter, as is shown on the map to the right. The District extends west to include the industrial zone west of the Maine Turnpike, east to the Atlantic Ocean, north to Kennebunk River/Arundel Town line and south to the Branch Brook/Wells Town Line. The District provides for the collection, interception and treatment of sewerage, and commercial and industrial waste for the public health and welfare and for the benefits of the inhabitants and property in the District served by the Wastewater System. The District is also authorized to provide services outside the territory of the District to school buildings and facilities owned by Maine Regional School Unit 21 ("RSU 21") or its successors and to municipal buildings and facilities owned by the Town of Kennebunk. Any sewer facilities located outside the boundaries of the District for that purpose may be used only by RSU 21 or its successors and the Town.

THE NOTES

DESCRIPTION OF THE NOTES

The Notes will be issued only in fully-registered form, without coupons, with one certificate per maturity and, when issued, will be registered in the name of Cede & Co., as bond owner and nominee for The Depository Trust Company ("DTC" as hereinafter defined; or the "Securities Depository"). DTC will act as the securities depository for the Notes. Purchases of the Notes will be made in book-entry form, in the minimum denomination of $100,000 or any $5,000 integral multiple thereafter. The Notes will be dated November 18, 2026 and will bear interest (accrued on the basis of a 360-day year with twelve 30-day months), payable on the date of maturity,

The Notes will mature on November 15, 2027. The Notes are not subject to redemption prior to their stated date of maturity.

It is expected that the Notes will be available for delivery on or about November 18, 2026.

Principal of and interest on the Notes will be payable in Clearing House Funds to DTC, or its nominee, as registered owner of the Notes by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as paying agent (the "Paying Agent"). Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners (as hereinafter defined) will be the responsibility of such Participants and other nominees of Beneficial Owners. The District will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants. See "THE NOTES-BOOK-ENTRY-ONLY SYSTEM" herein.

RECORD DATE; PAYMENT

The principal of the Notes is payable upon surrender thereof at the principal corporate trust office of the Paying Agent. Payment of the interest on the Notes will be made to the person appearing on the registration books of the Paying Agent as the registered owner thereof at the close of business on the last day of the month preceding the interest payment date for the Notes, and if such day is not a regular business day of the Paying Agent the next day preceding that is a regular business day of the Paying Agent, by check, wire or draft mailed to each registered owner at such person's address as it appears on the registration books, or at another address as is furnished to the Paying Agent in writing by the owner. Interest that is not timely paid or provided for shall cease to be payable to the registered owner as of the regular record date and shall be payable to the registered owner at the close of business on a special record date to be fixed by the Paying Agent.

AUTHORIZATION AND PURPOSE

The Notes The District previously issued its $11,500,000 2025 Sewer System Revenue Bond Anticipation Notes dated and issued November 18, 2025 (the "2025 Notes") to finance the design, construction and equipping of a new biological nitrogen removal wastewater treatment system at the District's wastewater treatment facility, including but not limited to work or construction on clarifiers, tanks, pumps, instrumentation, electronics, blowers, compressors, and other equipment, and the rehabilitation of the gravity sewer system in lower village that includes Port Road, Western Avenue, and Beach Avenue (the "Projects"). The Notes are being issued to refinance, on a current basis, the 2025 Notes and to finance additional costs of the Projects, along with costs of issuance and capitalized interest. The District has the power and authority to issue the Notes pursuant to Section 9-A of its Charter and by resolutions authorizing the Notes adopted by the Board of Trustees of the District on March 5, 2024. The District contemplates the following plan to provide funds to finance the Projects:

PLAN OF FINANCING

Kennebunk Sewer District, Maine

Plan of Financing

Period	Monthly Draw	Cumulative Draw
Apr-25	0	0
May-25	0	0
Jun-25	0	0
Jul-25	0	0
Aug-25	0	0
Sep-25	0	0
Oct-25	0	0
Nov-25	0	0
Dec-25	755,820	755,820
Jan-26	69,876	825,696
Feb-26	502,162	1,327,857
Mar-26	75,952	1,403,809
Apr-26	0	1,403,809
May-26	77,530	1,481,340
Jun-26	51,250	1,532,590
Jul-26	64,259	1,596,849
Aug-26	1,669,270	3,266,119
Sep-26	2,242,839	5,508,958
Oct-26	**736,339**	**6,245,297**
Nov-26	902,387	7,147,684
Dec-26	2,067,243	9,214,927
Jan-27	902,387	10,117,314
Feb-27	3,019,562	13,136,876
Mar-27	1,829,509	14,966,385
Apr-27	419,163	15,385,548
May-27	278,634	15,664,182
Jun-27	892,342	16,556,524
Jul-27	466,945	17,023,469
Aug-27	474,085	17,497,554
Sep-27	332,685	17,830,239
Oct-27	358,995	18,189,234
Nov-27	412,052	18,601,286
Dec-27	624,842	**19,226,128**
Jan-28	583,595	19,809,723
Feb-28	358,974	20,168,697
Mar-28	381,196	20,549,893
Apr-28	313,430	20,863,323
May-28	300,746	21,164,069
Jun-28	524,374	21,688,443
Jul-28	332,909	22,021,352
Aug-28	123,338	22,144,690
Sep-28	245,500	**22,390,190**
Total	**22,390,190**	

Actual

Projected

Targets

11,500,000

19,250,000

22,600,000

10/30/2026

Cost of 2025 BANs

Sell:	11/18/2025
Due:	11/18/2026
Principal:	11,500,000.00
Interest:	460,000.00
Due 11/15/2026:	11,960,000.00
(Premium):	(147,200.00)
C of I:	29,000.00
True Cost:	11,841,800.00
11,500,000	2025 BANs
(3,700,000)	(Spent)
7,800,000	Unspent

2026 BAN Sizing

19,250,000	Need to Nov 2027
(3,700,000)	Spent
15,550,000	Net Needed

Use of 2026 BAN Proceeds

Sell:	11/5/2026
Due:	11/15/2027
19,250,000	2026 BAN Proceeds
(11,500,000)	Pay 2025 BAN P
(460,000)	2025 BAN Int
7,290,000	Unspent from 2026 BANs
7,800,000	Unspent from 2025 Carry Fwd
15,090,000	Net New Money

2027 Bonds

(19,250,000)	Pay 2026 BAN P
(770,000)	2026 BAN Int (est @ 4.00%)
(2,580,467)	Need Jan 2028 to end
(22,600,467)	Subtotal
22,390,190	Project Requirements
210,277	Additional Bonds
(467)	Rounding
22,600,000	Issue Proceeds

SOURCE OF PAYMENT AND SECURITY FOR THE NOTES

Pledge of Net Revenues

Pursuant to Section 20(4) of the Charter, the Notes are secured by a pledge of the District's Net Revenues. The Notes are legal obligations of the District, the principal of, premium, if any, and interest on which are payable from sewer rates, fees, entrance charges, assessments, rents and other lawful charges established by the District. See "INDEBTEDNESS - DEBT SUMMARY - Debt Service Coverage" herein.

Rates and Fees

The principal source of the District's income is revenue derived from sewer rates established by the District pursuant to Section 16 of the Charter. Pursuant to Sections 16(6)(A)-(F) of the Charter, the Trustees of the District are required to produce revenue to:

A. Pay the current expenses of operating and maintaining the sewerage, drainage and treatment system of the District;

B. Pay the principal of and premium, if any, and interest on all bonds and notes issued by the District as they become due and payable;

C. Create and maintain such reserves as may be required by the trustees or any trust agreement or resolution securing bonds and notes;

D. Provide funds for paying the cost of all necessary repairs, replacements and renewals of the sewerage, drainage and treatment systems of the District;

E. Pay or provide for any amounts that the District may be obligated to pay or provide for by law or contract, including any resolution or contract with or for the benefit of the holders of its bonds and notes; and

F. Provide revenue in order to pay, among other things, all or part of the present or projected cost to improve, enlarge or expand the District's system, including payment of interest accruing on any indebtedness for such purposes.

Remedies for Non-payment of Rates or Fees

- The District may collect unpaid rates pursuant to Title 38, Section 1050 of the Maine Revised Statutes, as amended.
- Pursuant to Section 7 of the Charter if the District does not collect unpaid rates pursuant to Title 38, Section 1050, of the Maine Revised Statutes, as amended, the District may maintain a civil action against the person who has not paid rates for the amount of the unpaid rates plus 10% interest.
- Section 18(1) of the Charter provides that there is a lien on real estate served or benefited by the sewers of the District to secure the payment of the District's rates established under Section 16 of the Charter. The lien established under this section takes precedence over all other claims on such real estate, except claims for taxes. In addition to other methods established by law for the collection of rates and without waiver of the right to sue for the collection of rates, the lien created under Section 18(1) of the District Charter may be enforced as provided in Section 18(2) of the District Charter.
- Section 1 and Section 20(1) of the Charter establish the District as a quasi-municipal corporation within the meaning of Title 30-A, Section 5701 of the Maine Revised Statutes, as amended. Said

Section 5701 states that "the personal property of the residents and the real estate within the boundaries of a municipality, village corporation or other quasi-municipal corporation may be taken to pay any debt due from the body corporate ...." There has been no judicial determination as to whether this statutory remedy of taking property to satisfy debts or judgments is constitutional under current due process and equal protection standards and Bond Counsel expresses no opinion thereon.

Debt Service Coverage

The principle source of the District's income is revenue derived from sewer rates established by the District pursuant to Section 16 of the Charter. While the District's Charter does not require, impose or establish a minimum debt service coverage ratio, the District's Net Revenue has exceeded a 1.25x coverage ratio over the last several years. See "INDEBTEDNESS – DEBT SUMMARY - Debt Service Coverage" herein.

Additional Bonds Test

While the District Charter does not specifically provide for any "additional bonds" test, Section 16(6)(A) of the Charter requires that the District establish sewer rates, tolls, rents, impact fees, entrance charges and other lawful charges in accordance with the Charter to pay the principal of and premium, if any, and interest on all bonds and notes issued by the District as they become due and payable. This provision applies to the Notes and all future additional debt issued by the District. In addition, pursuant to Section 20(4) of the Charter, the issuance of notes or bonds are secured by a pledge of net revenues of the District for the prompt payment of associated debt service when due. See "THE NOTES - SOURCE OF PAYMENT AND SECURITY FOR THE NOTES- Pledge of Net Revenues" and "Rates and Fees" above.

TAX MATTERS

Exclusion of Interest on the Notes from Gross Income for Federal Income Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes pursuant to section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use, investment and expenditure of bond proceeds and the requirement that certain earnings be rebated to the federal government. Failure of the District's to comply with such requirements may cause interest on the Notes to be included in the gross income of the holders thereof for purposes of federal income taxation retroactive to the date of issuance of the Notes, regardless of when such non-compliance occurs or is ascertained.

The District will make certain representations with respect to the use, expenditure and investment of the proceeds of the Notes and the use of the Projects and the amount of tax-exempt obligations the District expects to issue in the 2026 calendar year and will covenant (i) to comply with the provisions and procedures of the Code applicable to the Notes and (ii) not to take any action or permit any action that would cause the interest paid on the Notes to be included in gross income for purposes of federal income taxation pursuant to section 103 of the Code.

In the opinion of Bond Counsel, under existing statutes, regulations and court decisions, interest on the Notes is excludable from the gross income of the owners of the Notes for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not an item of tax preference for purposes of calculating the alternative minimum tax under Section 55 of the Code, provided, however, such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion,

Bond Counsel will rely upon the District's representations made with respect to the use of the proceeds of the Notes, and the projects financed with the Notes, and the City's covenant that it will comply with the Code. See "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B herein.

Exemption of Interest on the Notes from Taxation Within the State of Maine

In the opinion of Bond Counsel, interest payable on the Notes is exempt from taxation within the State of Maine pursuant to Section 20(8) of the District's Charter. See "Proposed Form of Legal Opinion" in APPENDIX B herein.

Not Designated as Qualified Tax-Exempt Obligations

The District ***will not designate*** the Notes as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Original Issue Discount

Certain maturities of the Notes (the "Discount Notes") may be sold at an issue price that is less than the stated redemption price of the Discount Notes at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates). The difference between the issue price at which each of the Discount Notes is sold and the stated redemption price at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) of each of the Discount Notes constitutes original issue discount ("OID"). Pursuant to Section 1288 of the Code, OID on the Discount Notes accrues on the basis of economic accrual under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on the Discount Notes, as applicable. The basis of an initial purchaser of a Discount Bond acquired at the initial public offering price of the Discount Bond will be increased by the amount of such accrued OID for purposes of determining gain or loss on the sale, exchange, or other disposition of such Bond. Bond Counsel is of the opinion that the appropriate portion of the OID properly allocable to the original and each subsequent owner of the Discount Notes will be treated as interest excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code to the same extent as stated interest on the Discount Notes.

Prospective purchasers of the Discount Notes should consult their tax advisors with respect to the determination for federal income tax purposes of the OID properly accruable with respect to the Discount Notes and the tax accounting treatment of accrued interest, and the state and local tax consequences of acquiring, holding, and disposing of Discount Notes.

Original Issue Premium

Certain maturities of the Notes may be sold at a purchase price in excess of the amount payable on such Notes after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) (the "Premium Notes"). The excess, if any, of the tax basis of the Premium Notes to a purchaser (other than a purchaser who holds such Premium Notes as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) is amortizable bond premium, which is not deductible from gross income for federal income tax purposes. Amortizable bond premium, as it amortizes, will reduce the owner's tax cost of the Premium Notes used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Premium Notes. Accordingly, an owner of a Premium Bond may have taxable gain from the disposition of the Premium Bond, even though the Premium Bond is

sold, or disposed of, for a price equal to the owner's original cost of acquiring the Premium Bond. Bond premium amortizes over the term of the Premium Notes under the "constant yield method" described in regulations interpreting Section 1272 of the Code.

Prospective purchasers of the Premium Notes should consult their tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Notes.

Additional Federal Income Tax Consequences

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Notes should consult their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

The Internal Revenue Service (the "IRS") has an ongoing program of auditing state and local government obligations, which may include randomly selecting bond issues for audit, to determine whether interest paid to the holders is properly excludable from gross income for federal income tax purposes. It cannot be predicted whether the Notes will be audited. If an audit is commenced, under current IRS procedures holders of the Notes may not be permitted to participate in the audit process and the value and liquidity of the Notes may be adversely affected.

Changes in Federal Tax Law

From time to time, there are legislative proposals in the United States Congress ("Congress") and in the States that, if enacted, could alter or amend the federal and State tax matters referred to herein. In addition, such legislation (whether currently proposed, proposed in the future or enacted) could affect the market value or marketability of the Notes or significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax of interest on the Notes. Future Congressional proposals could also affect the Notes, even if never enacted. It cannot be predicted whether, or in what form, any such proposals might ultimately be enacted or whether if enacted such proposals would apply to bonds issued prior to enactment. The introduction or enactment of any such legislative proposals may affect, perhaps significantly, the market price for, or marketability of, the Notes. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Notes. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Notes or the market value thereof would be impacted thereby. Prospective purchasers of the Notes should consult their tax and financial advisors regarding such matters.

Opinion of Bond Counsel

The legal opinion of Pierce Atwood LLP, of Portland, Maine (see APPENDIX B – PROPOSED FORM OF LEGAL OPINION) will be furnished to the original purchaser of the Notes. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes to the original purchaser of the Notes.

Extent of Opinion

Bond Counsel expresses no opinion regarding any tax consequences of holding the Notes other than its opinion with regard to (a) the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code, (b) interest on the Notes is not an item of tax preference for purposes of calculating the alternative minimum tax under Section 55 of the Code; however, such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code, and (c) the exemption of interest on the Notes from taxation within the State pursuant to Section 9 of the District's Charter. Prospective purchasers of the Notes should consult their tax advisors with respect to all other tax consequences (including but not limited to those described above) of holding the Notes.

BOOK-ENTRY-ONLY SYSTEM

The Notes initially will be issued solely in book-entry form to be held in the book-entry only system maintained by The Depository Trust Company ("DTC"). So long as such book-entry system is used, only DTC will receive or have the right to receive physical delivery of the Notes and, except as otherwise provided herein with respect to Beneficial Owners of beneficial ownership interests, Beneficial Owners will not be or be considered to be, and will not have any rights as, owners or holders of the Notes.

The following information about the book-entry only system applicable to the Notes has been supplied by DTC. None of the Issuer, the Paying Agent or the Original Purchasers makes any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the Notes. The Notes will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Notes, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.com*.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of a maturity is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with it unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

RATING

The Notes are rated "___" by S&P Global Ratings (the "Rating Agency"). The District has furnished the Rating Agency certain information and materials, some of which may not have been included in this Official Statement. The ratings, if obtained, will reflect only the view of the Rating Agency at the time such rating is assigned and will be subject to revision or withdrawal, which could affect the market price of the Notes. Generally, a Rating Agency bases any rating established by it on such information and materials and also on such investigations, studies and assumptions as it may undertake or establish independently. Each rating reflects only the view of the Rating Agency which published it and will be subject to revision or withdrawal, which could affect the market price of the Notes. The Rating Agency should be contacted directly for its rating on the Notes and its explanation of such rating. A rating is not a recommendation to buy, sell or hold the Notes, and such rating should be evaluated independently.

Except as set forth in "THE NOTES – CONTINUING DISCLOSURE" herein, the District has not undertaken any responsibility either to bring to the attention of the owners of the Notes any proposed change in, or withdrawal of, any rating of the Notes or to oppose any such change or withdrawal.

CONTINUING DISCLOSURE

In order to assist the underwriter in complying with the Securities Exchange Commission's Rule 15c2-12 (the "Rule"), the District will enter into a Continuing Disclosure Agreement (the "CDA") for the benefit of the owners of the Notes to provide certain financial information and operating data relating to the Rule by not later than 270 days after the end of each fiscal year of the District (the "Annual Report") and to provide notices of the occurrence of certain enumerated events, if material. Pursuant to the Rule, such filings will be made with the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access System ("EMMA"). The proposed form of the CDA is provided in APPENDIX C. The CDA will be executed by the Treasurer of the District, and incorporated by reference into the Notes.

Financial and/or Operating Data Filings

The District has entered into three prior undertakings under the Rule, dated May 1, 2017 (the "2017 CDA"), December 1, 2021 (the "2021 CDA") and November 18, 2025 (the "2025 CDA") (collectively, the "Prior CDAs").

Due to oversight, the District failed to file operating data of the "… type presented in the Official Statement …" for the fiscal years prior to 2021. To comply with this obligation, a draft of the Preliminary Official Statement dated November 5, 2021 was been submitted to EMMA on November 5, 2021 and, on November 6, 2021, the District submitted a Failure to Provide Annual Operating Information event notice to EMMA.

On December 1, 2021 the District incurred a Financial Obligation from the Maine Municipal Bond Bank CWSRF program that was not filed with EMMA until September 27, 2023, along with a late filing on October 3, 2023 (other Incurrences of Financial Obligations occurred prior to a Rule Change, effective February 27, 2019).

Except as discussed above, in the last five years the District has not failed to comply in all material respects with any previous undertakings to provide financial information or notices of material events in accordance with the Rule. The following list summarizes recent annual financial filings and operating data to the Municipal Securities Rulemaking Board through EMMA over the recent years:

FY ended,	EMMA Filing Date	Days after Fiscal Year end
December 31, 2025	April 9, 2026	99
December 31, 2024	April 14, 2025	104
December 31, 2023	May 9, 2024	130
December 31, 2022	April 7, 2023	97
December 31, 2021	April 7, 2022	97

Assurances of Future Compliance

The District adopted a Post-Issuance Compliance policy on September 12, 2016 that, among other things, will provide for timely filings with EMMA or its successor repository, if any, with respect to its future continuing disclosure undertakings and establishes written procedures that are expected to ensure prompt compliance with its continuing disclosure undertakings on a going forward basis. In addition, the District intends to register with the EMMA reminder system to receive e-mail reminders to help ensure timely annual filing of required financial and operating data.

CUSIP® IDENTIFICATION NUMBERS

It is anticipated that CUSIP® (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP® numbers on the Notes will be paid for by the District provided, however, that the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MUNICIPAL ADVISOR

Moors & Cabot, Inc. is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board and has acted as Municipal Advisor to the District with respect to the issuance of the Notes pursuant to Municipal Securities Rulemaking Board Rule G-23. Moors & Cabot, Inc. does not intend to submit its bid on, or participate in an underwriting syndicate for the public distribution of, the Notes.

STATUTORY REFERENCES

All quotations from and summaries and explanations of laws herein do not purport to be complete, and reference is made to said laws for full and complete statements of their provisions.

CONDITIONS PRECEDENT TO DELIVERY

The following, among other things, are conditions precedent to the delivery of the Notes to the original purchasers thereof.

No Litigation Certificate

Upon delivery of the Notes, the District shall deliver or cause to be delivered a certificate of the Treasurer and the Chair of the Board of Trustees, dated the date of delivery, to the effect that there is no litigation pending or, to the knowledge of such officers, threatened, affecting the validity of the Notes or the proceedings and authority under which they are issued, and that neither the corporate existence nor boundaries of the District, nor the title of any of said officers to their respective offices, is being contested.

Certificate With Respect to Official Statement

At the time of the original delivery of and payment for the Notes, the District will deliver a certificate of the Treasurer to the effect that he has examined this Official Statement and the financial and other data contained therein and that, to the best of his knowledge and belief, both as of its date and as of the date of delivery of the Notes, the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the District is not guaranteed as to accuracy, completeness or fairness, he has no reason to believe that such information is materially inaccurate or misleading.

Certificate With Respect to Debt Limits

At the time of the original delivery of, and payment for, the Notes, the District will deliver a certificate of the Treasurer to the effect that the District has not exceeded its debt limit under Section 20(1) of its Charter, and that issuance of the Notes will not cause the District to exceed such debt limit.

Approval of Legality

The legality of the Notes will be approved by Pierce Atwood LLP of Portland, Maine, Bond Counsel. The unqualified approving opinion of such counsel with respect to the Notes will be delivered at the time of original delivery of the Notes and a copy of the opinion will be provided to the original purchasers. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes.

Bond Counsel are not passing upon and do not assume responsibility for the accuracy or adequacy of the statements made in this Official Statement (other than matters expressly set forth as their opinion) and make no representation that they have independently verified the same. See "PROPOSED FORM OF LEGAL OPINION" in APPENDIX B.

THE DISTRICT

FORMATION OF THE DISTRICT

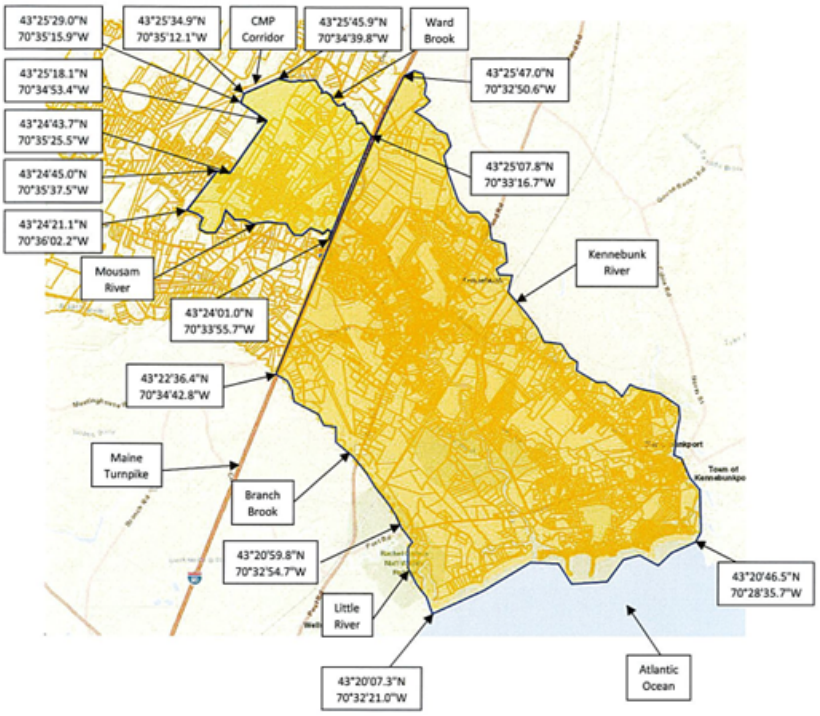
The Kennebunk Sewer District was formed under Chapter 69 of the Private and Special Laws of Maine (1955), as amended. The District adopted a revised Charter, Chapter 9 of the Private and Special Laws of Maine (2015), in 2015, subsequently amended in 2023 to increase the District's debt limit and to expand the District territory. The District was established as a public sewage district and a body politic and corporate, whose limits include the territory, and the inhabitants therein, of the portion of the Town of Kennebunk situated between the Atlantic Ocean and the southeasterly side of the Maine Turnpike (U.S. Interstate 95). The District was empowered to acquire the entire plant and property of the sewage system then owned by the Town of Kennebunk.

PURPOSE OF THE DISTRICT

The District provides for the collection, interception and treatment of sewerage, and commercial and industrial waste (collectively, the "Wastewater System") for the public health and welfare and for the benefits of the inhabitants and property in the District served by the Wastewater System. The District is also authorized to provide services outside the territory of the District to school buildings and facilities owned by Maine Regional School Unit 21 ("RSU 21") or its successors and to municipal buildings and facilities owned by the Town of Kennebunk. Any sewer facilities located outside the boundaries of the district for that purpose may be used only by RSU 21 or its successors and the Town.

SERVICE AREA

Kennebunk Sewer District's service area extends west to include the industrial zone west of the Maine Turnpike, east to the Atlantic Ocean, north to Kennebunk River/Arundel Town line and south to the Branch Brook/Wells Town Line as shown below.



ORGANIZATIONAL STRUCTURE

The District is governed by a five-person Board of Trustees who serve for staggered 3-year terms. Board members are elected in the June election which precedes Kennebunk's Annual Town Meeting. Below is a list of the current Board members, their title and the year in which their term expires.

Trustee	Title	Term Expires
Patrick Wiley	Chair	2027
Jason Wise	Vice Chair	2028
Wayne A. Brockway	Treasurer	2028
Robert Brady	Clerk	2029
Aaron Nalezny	Trustee	2027

The day-to-day administration, operation and maintenance of the waterworks and wastewater facilities are conducted by the District's 13 full-time and one part-time employees under the direction of its General Manager.

THE SYSTEM

The District is responsible for operation and maintenance of a wastewater treatment facility ("WWTF"), 36 miles of gravity sewer, 12 miles force mains and 28 pump stations. The District serves approximately 3,349 of the 6,951 properties, or 48% of the total properties in Kennebunk, within a 17-square mile service area. Wastewater is received and treated at a 1.31 million gallons per day ("MGD") secondary treatment facility before being discharged to the Mousam River. In 2020 the WWTF treated 260 million gallons of wastewater at an average daily flow of 0.712 MGD. The biological treatment portion of the WWTF, constructed in the mid-1980's, has exceeded its life expectancy and has nearly reached its biological treatment capacity (the "System"). The District is in the process of multi-phased upgrades to these facilities to restore treatment capacity and replace aging infrastructure. The upgrades will include construction of a new maintenance garage and administrative office, renovation of the operations office and laboratory, replacement of the head-works and the final replacement of the biological nutrient removal ("BNR") process.



Kennebunk Water District's Treatment Facilities

As of 2024, the District had completed all phases with the exception of the BNR process. An initial portion of the BNR replacement is being financed with the Notes of this issue. Subsequent financings to providing funds to continue and/or complete the Project are expected to be issued in 2026, or perhaps 2027. See "THE NOTES – PLAN OF FINANCING" herein. It is expected to be bid at the end of design, and be constructed by the end of 2025. The expected cost for design and construction of the BNR process is currently estimated to be from $18.0 million to $25.0 million. See "INDEBTEDNESS – FUTURE FINANCING" herein.

The WWTF Project required relocation and construction of a new 12,000 square foot facility featuring administrative offices and a maintenance garage on an adjacent property already owned by the District ("District Offices"). The District financed the District Offices project through its 2017 Sewer Bonds. The District Offices project was completed in 2018.

CUSTOMERS OF THE DISTRICT

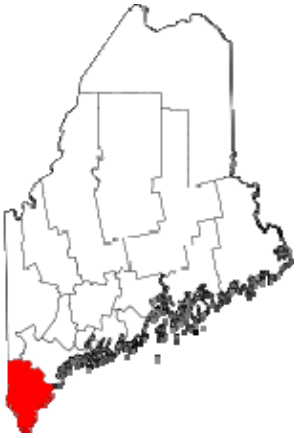
	Cubic Feet of Water Used			2025		
User	FY 2023	FY 2024	FY 2025	% KKW Use	Charges	% Total Revenue
Sunrise Senior Living	1,033,736	915,939	745,163	2.70%	$69,797	1.76%
Kennebunk North Travel Plaza	411,300	419,970	477,660	1.73%	44,743	1.13%
Atria Senior Living Group	322,596	325,310	457,750	1.66%	42,877	1.08%
Kennebunk South Travel Plaza	371,770	389,780	395,070	1.43%	37,002	0.93%
Corning Shared Services	523,661	435,002	388,804	1.41%	36,417	0.92%
Kennebunkport Hotel, LLC	462,210	473,530	320,040	1.16%	29,976	0.76%
Property Partners LLC	272,406	236,476	285,994	1.03%	29,503	0.74%
National Healthcare	519,620	427,310	303,930	1.10%	28,468	1.72%
White Barn Inn Inc	319,905	305,931	303,638	1.10%	28,438	1.13%
Housing Partnership	102,946	94,502	96,505	0.35%	24,593	0.62%
Genesis	195,110	184,400	180,850	0.65%	16,939	0.43%
Shipyard Inc	178,181	232,578	157,521	0.57%	15,149	0.38%
Mac's dba Circle K	134,042	123,205	157,703	0.57%	14,770	0.37%
The Lodge At Kennebunk LLC	155,880	176,540	143,460	0.52%	13,440	0.34%
Maine Shellfish Co. Inc.	150,365	157,776	142,911	0.52%	13,386	0.34%
Northeast Coating Tech., Inc.	186,269	194,001	112,556	0.41%	10,543	0.27%
Top 16	**5,339,997**	**5,092,250**	**4,669,555**	**16.89%**	**456,041**	**11.50%**
All Other	23,481,577	20,824,080	22,970,556	83.11%	3,509,222	88.50%
Total	**28,821,574**	**25,916,330**	**27,640,111**	**100.00%**	**$3,965,263**	100.00%

LABOR RELATIONS

The District employs 13 full-time and one part-time employees of which nine are represented by the International Brotherhood of Teamsters, Local No. 340. A three-year contract is effective from January 1, 2025 to December 31, 2027. No other employees are represented by unions.

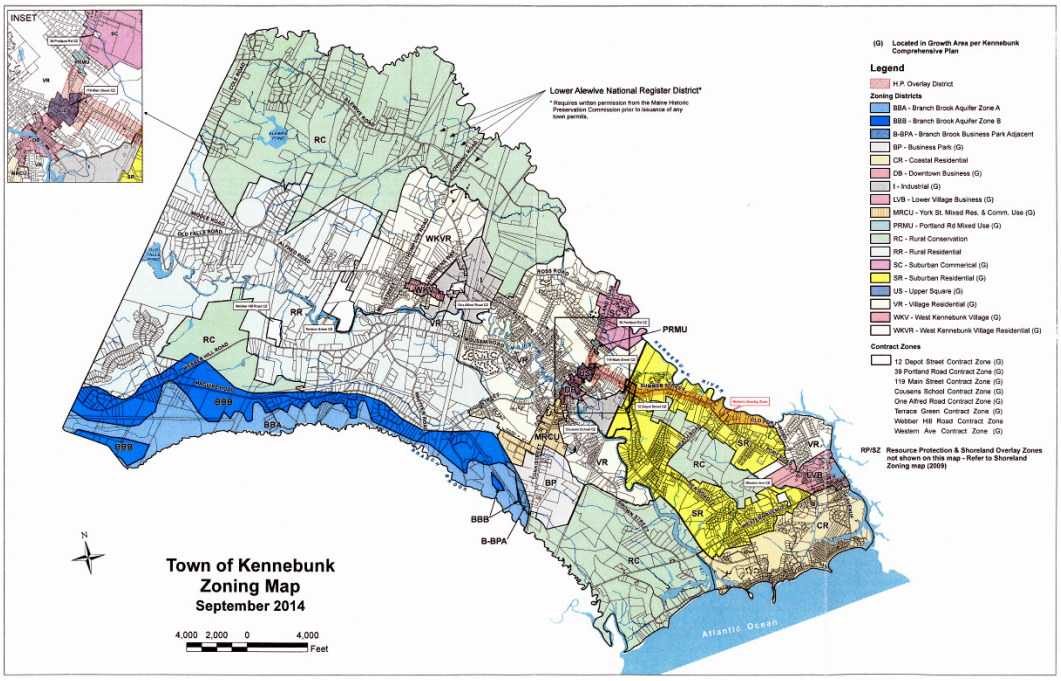
TOWN OF KENNEBUNK

GENERAL



The Town of Kennebunk is located on the coast of the State of Maine in the southeastern section of the County of York, the State's southernmost county. The Town is approximately 24 miles southwest of Portland, being Maine's largest city. The Town's north and northeast border is formed by the Kennebunk River, which separates the Town from the towns of Arundel and Kennebunkport, respectively. The southern border is formed by the Branch Brook and is contiguous to the Town of Wells. The towns of Alfred, Lyman and Sanford form Kennebunk's northwest border. The Mousam River flows through the center of Kennebunk. The principal settlements of the Town include: Alewive, Kennebunk, Kennebunk Beach, Kennebunk Landing, the Lower Village and West Kennebunk. Access to Kennebunk is provided by Exit 25 of the Maine Turnpike (U.S. Interstate Route 95), U.S. Route 1 and State Routes 9, 9A, 35 and 99, all of which intersect the Town from various directions. The name Kennebunk is apparently derived from the Indian "the long cut bank", denoting the importance of the cut bank to the Indians, rather than its height or length, as distinguishing it from other beaches.

The area embracing Kennebunk was first settled around 1650, included as part of the Town of Wells. Wells, named from Wells in Somersetshire, England (the county being the home of the explorer Sir Ferdinando Georges from whom the land was conveyed) was incorporated on August 30, 1653 as the third town established in the District of Maine, then being part of the Commonwealth of Massachusetts. In 1717 the name "Kennebunk" was applied to the area between the Kennebunk and Mousam rivers, with the first permanent settlement established in 1718. In 1730 shipbuilding had begun along the Mousam River. Small mills were developed to manufacture shoes, twine and lumber at the Mousam Village around 1736, which shifted the village center inland from the Kennebunk Landing area. Following the Revolutionary War the Kennebunk Village, formerly Mousam Village, emerged as the commercial center of the Town. On June 24, 1820 Kennebunk set off from Wells, incorporating as the Town of Kennebunk.





Today, the Kennebunks (which include the towns of Kennebunk and Kennebunkport) are distinguished by beautiful beaches covered with fine, clean sand, picturesque rocky coastlines and snug harbors. The Town is noted for its magnificent shade trees, its stately business district and many well-tended 18th and 19th century houses. In addition to various light industrial and commercial enterprises, several shops and art galleries allow the Town to enjoy tourism as an important economic resource. The Town is located at the base of a geographic triangle which points are comprised of the Portland metropolitan/Saco-Biddeford area to the north, Portsmouth-Kittery (to Boston) at its south, and the Sanford area to its west. This has led to residential development in the Town due to its accessibility to these three labor markets. Conversely, business based in the Portland and Portsmouth areas have established branch offices in Kennebunk to better penetrate the York County markets.

A suburban coastal community with primarily single-family, owner-occupied dwellings, the land area of the Town includes large tracts of farm and forest lands, open space and coastal areas, as well as residential developments and is comprised of residential, local business, industrial, commercial and resource protection zones, totaling 35.05 square miles.

Employment

Representative Employer	Type of Business	Approx. # Employees
RSU 21	School Administrative Unit	695
Corning	Medical Lab Equipment Man.	530
Town of Kennebunk	Municipal	305
Kennebunk Savings Bank	Bank & Insurance	300
Hannaford	Food & Pharmacy	180
Huntington Common	Assisted Living Facility	155
Kennebunk Ctr for Health & Rehab	Assisted Living Facility & Rehab.	125
River Ridge Center	Brain Injury Rehab Center	125
Southern Maine Medical/Prime Care	Health Care	120
HMS Host	Turnpike Service	100
Northeast Coatings	Surface Coatings	100
The Hissong Group	Construction & Property Mgt	95
Atria	Assisted Living Facility	55
Plixer	Software	50
Animal Welfare Society	Animal Shelter	50
Garrett Pillsbury	Plumbing, Heating & Petroleum Dist.	50
KKW Water District	Water Utility	40
Bergen & Parkinson	Law Firm	35
Downeast Energy	Petroleum Distributor	35
BREX Corp	Construction Earth Contractor	32

Commuter Trends

People who work in Kennebunk, and live in:	Number of Workers	% Kennebunk Workforce
Kennebunk	2,070	39.15%
Kennebunkport	392	7.41%
Sanford	350	6.62%
Saco	310	5.86%
Biddeford	288	5.45%
Wells	287	5.43%
Arundel	264	4.99%
Waterboro	163	3.08%
Old Orchard Beach	128	2.42%
Lyman	111	2.10%
Alfred	102	1.93%
Gray	75	1.42%
North Berwick	71	1.34%
Portland	52	0.98%
York	52	0.98%
Scarborough	49	0.93%
Buxton	43	0.81%
Shapleigh	43	0.81%
Hollis	40	0.76%
Eliot	34	0.64%
All Other	363	6.87%
Total	**5,287**	**100.00%**

People who live in Kennebunk, and work in:	Number of Workers	% Kennebunk Workers
Kennebunk	2,070	39.41%
Portland	468	8.91%
Wells	353	6.72%
Biddeford	347	6.61%
Kennebunkport	260	4.95%
Saco	212	4.04%
Sanford	188	3.58%
York	188	3.58%
North Berwick	186	3.54%
Scarborough	131	2.49%
South Portland	125	2.38%
Kittery	120	2.28%
Arundel	113	2.15%
Westbrook	77	1.47%
Waterboro	69	1.31%
Brunswick	58	1.10%
Alfred	37	0.70%
Lyman	36	0.69%
Yarmouth	33	0.63%
Ogunquit	31	0.59%
All Other	150	2.86%
Total	**5,252**	**100.00%**

SOURCE: U.S. Department of Commerce, Bureau of Census - Tables 3 & 4. Residence MCD/County to Workplace MCD/County Commuting Flows for the United States: 5-Year ACS, 2011-2015, the latest information available.

Retail Trade

Town of Kennebunk
Retail Sales by Product Group and Consumer Sales
($/000)

	Business/ Operating	Building Supply	Food Store	General Mdse.	Other Retail	Auto/ Trans.	Rest. & Lodging	Group Total	Consumer Sales
2025	7,999.3	34,113.6	35,977.8	9,381.0	30,561.9	24,112.6	87,770.3	229,916.6	221,917.3
2024	7,727.4	35,408.6	36,877.2	9,885.5	31,310.7	22,986.6	84,864.0	229,059.9	221,332.4
2023	8,134.0	40,505.2	37,696.5	9,080.1	28,850.6	20,088.8	79,709.7	224,065.0	215,931.0
2022	9,705.1	42,273.1	36,039.7	12,298.4	26,210.2	18,763.3	76,038.0	221,327.8	211,622.7
2021	9,702.7	36,807.2	33,669.3	10,657.0	21,312.1	10,351.9	73,888.2	196,388.3	186,685.6
2020	7,585.9	29,151.2	31,997.1	6,569.5	16,266.0	5,571.5	47,554.9	144,696.2	137,110.3
2019	8,363.8	27,888.3	31,136.4	6,085.9	18,050.3	5,399.1	70,338.9	167,262.8	158,899.0
2018	7,228.0	27,181.0	30,767.0	6,022.5	17,308.8	4,822.8	66,249.2	159,579.3	152,351.3
2017	8,052.4	24,341.5	29,667.7	5,296.7	16,922.9	6,202.4	60,149.7	150,633.3	142,580.9
2016	9,302.8	21,748.4	27,868.5	4,461.9	16,434.9	5,128.8	58,691.4	143,636.7	134,333.9

SOURCE: State of Maine, Department of Taxation, Sales Tax Section.

DEMOGRAPHIC CHARACTERISTICS

Population	Town of Kennebunk	----------% Change Since Prior Census---------- Town	State	USA
1980	6,621	17.3%	13.4%	11.4%
1990	8,004	20.9	9.2	9.8
2000	10,476	30.9	9.2	9.8
2010	10,798	3.1	4.2	8.9
2020	11,538	6.9	1.2	6.3

SOURCE: Respective Census, U.S. Department of Commerce, Bureau of the Census.

Population Characteristics	Town of Kennebunk	York County	State of Maine	USA
Median age (years)	51.9	45.3	44.8	38.8
% under 5 years	4.1%	4.2%	4.3%	5.4%
% under 18 years	17.7%	16.7%	17.3%	21.1%
% 65 years and over	30.0%	25.1%	24.6%	18.9%
Persons/household	2.16	2.33	2.26	2.53

Income	Town of Kennebunk	York County	State of Maine	USA
Median household income	$107,804	$88,333	$74,733	$80,734
% below poverty level	7.3%	7.5%	10.6%	10.2%
Per capita income	$59,309	$47,536	$43,742	$44,673

Housing	Town of Kennebunk	York County	State of Maine	USA
% owner occupied	80.6%	77.3%	74.3%	65.2%
Owner occupied med. value	$487,700	$395,700	$296,600	$332,700
Median gross rent	$1,425	$1,339	$1,139	$1,413
Households	5,364	91,413	597,159	-

SOURCE: 2020 Census, U.S. Department of Commerce, Bureau of the Census; supplemented by *https://www.census.gov/quickfacts/fact/table/US,ME*

Unemployment	Town of Kennebunk	York County	State of Maine	USA
2025	3.2%	3.0%	3.4%	4.3%
2024	3.3	2.8	3.1	4.0
2023	2.6	2.6	2.9	3.6
2022	2.6	2.7	3.0	3.6
2021	4.3	4.5	4.6	5.5
2020	5.4	5.4	5.4	8.1
2019	3.0	2.7	3.0	3.7
2018	3.2	3.0	3.4	3.9
2017	3.1	2.9	3.3	4.4
2016	3.5	3.4	3.9	4.9

SOURCE: State of Maine, Department of Labor, Division of Economic Analysis and Research.

DISTRICT FINANCES

RATE SETTING

Section 16(1) of the Charter provides that a person, firm and corporation, whether public or private or municipal, shall pay to the treasurer of the District rates established by the Trustees for the sewer or drainage service used or available with respect to their real estate so long as those rates are consistent with this section. For the purposes of this section, "rate" means a rate, toll, rent, assessment, impact fee, supplemental charge or other lawful charge established by the District.

Section 16(2)-(5) of the Charter provides for the following:

> Rates must be uniform within the District whenever the cost to the District of installation and maintenance of sewers, treatment facilities or their appurtenances and the cost of service is substantially uniform, except that: (a) the District may establish a higher rate in sections where, for any reason, the cost to the District of construction and maintenance, or the cost of service, exceeds the average as long as the higher rates are uniform throughout the sections where the rates apply; and (b) Trustees may reduce the impact fee or connection fee, as those terms are defined in Title 30-A, Section 5061, of the Maine Revised Statutes, as amended, for sewer service to newly constructed affordable housing in accordance with Title 30-A, Chapter 202-A of the Maine Revised Statutes, as amended.
>
> Notwithstanding any other provision of law, the District that shares, supplies or contracts for services with another District shall establish rates mutually agreeable to the Trustees of each participating District. The District's rates may include "readiness to serve rates" charged against owners of real estate abutting or accessible but not connected to sewers or drains of the District, whether or not the real estate is improved. The District may charge and collect interest on delinquent accounts at a rate not to exceed the highest lawful rate set by the Treasurer of State for municipal taxes.
>
> Prior to the adoption of a new rate schedule, the Trustees shall hold a public hearing regarding the proposed rate schedule. The Trustees shall publish the proposed rates and notice of the hearing not less than once in a newspaper having a general circulation in the District not less than seven days prior to the hearing. The District shall mail to each ratepayer a notice of the public hearing and the proposed rate at least 14 days prior to the hearing.

APPLICATION OF REVENUE

Section 16(6)of the Charter provides that sewer rates, tolls, rents, impact fees, entrance charges and other lawful charges established by the board of trustees in accordance with this Charter must be fixed and adjusted with respect to the aggregate of the rates, tolls, rents, impact fees and entrance charges so as to produce revenue at least sufficient, together with any other money available to produce revenue, to:

- Pay the current expenses of operating and maintaining the sewerage, drainage and treatment system of the District;
- Pay the principal of and premium, if any, and interest on all bonds and notes issued by the District as they become due and payable;
- Create and maintain such reserves as may be required by the trustees or any trust agreement or resolution securing bonds and notes;
- Provide funds for paying the cost of all necessary repairs, replacements and renewals of the sewerage, drainage and treatment systems of the District;

- Pay or provide for any amounts that the District may be obligated to pay or provide for by law or contract, including any resolution or contract with or for the benefit of the holders of its bonds and notes; and
- Provide revenue in order to pay, among other things, all or part of the present or projected cost to improve, enlarge or expand the District's system, including payment of interest accruing on any indebtedness for such purposes.

RATES AND OTHER CHARGES

Category of Customer

Consistent with Section 16 of the Charter, Article XIII, Section 1 of the District's "Sewer Use and Regulations", dated September 8, 2020, provides that the District establishes sewer service charges which, with the addition of impact and equity buy-in fees, produce sufficient revenues to pay accrued interest and principal on the District's debt, provide for necessary capital expenditures and pay all expenses incurred to operate and maintain the District's facilities. A "User" is any person or entity which discharges sewerage, either directly or indirectly, into the District's system. A User is either a Residential User or a Commercial User, each being a "Customer". The categories of Customer, and a brief explanation of each, are:

- "Church User" shall mean any church, synagogue or other place for conducting religious services. Each church user shall be treated as a commercial user with zero water usage.
- "Commercial User" shall mean each separately owned, non-residential building, condominium, or other property used for wholesale, retail, or service business purposes, and any not-for-profit institution or agency.
- "Governmental User" shall mean any legislative, judicial, executive, administrative, and regulatory user of the federal, state and/or local governments. Each "Governmental User" shall be treated as a Commercial User.
- "Industrial User" shall mean any business establishment not otherwise defined herein. Each Industrial User shall be treated as a Commercial User.
- "Ready-to-Serve unit" shall mean a residence or other building which is within 200' of but is not connected to an accessible sewer.
- "Residential User" or "Residential Unit" shall mean an individual dwelling unit. By way of example, an apartment with four dwelling units shall, regardless of occupancy or ownership, constitute four separate residential users.
- "Impact Fee" An impact fee shall be levied to pay for projects identified by the District needing infrastructure improvements necessitated by the increase in flow predicted to occur because of new development, and/or expansion of existing development, in areas currently serviced by the sewer system.
- "Equity Buy-In Fees" are one-time charges for new construction or changes of use that result in more wastewater discharged to the public sewer. Fees collected are used to pay for the cost of capital improvements to the WWTF and collection systems. Rates for single family homes or Equivalent Dwelling Unit ("EDU") are set at 250 gallons per day ("GPD").

The following table sets forth the District's estimated number of Residential and Commercial Users over the last five years:

User	2021	2022	2023	2024	2025
Residential	3,440	3,502	3,535	3,567	3,586
Commercial	397	397	413	410	411
Total Users	3,837	3,899	3,948	3,977	3,997

Basis for Fees

The sewer service charges are comprised of three separate components. The components, and a brief explanation of each, are:

"Debt Service Charge" shall mean the District's annual budgeted debt service obligation (as reduced by impact and equity buy-in fees) divided by the total number of residential and commercial units, including the total number of ready-to-serve units.

"Fixed Expense Charge" or "Support System" shall mean the District's annual budgeted amount for expenses which do not vary with the volume of sewerage treated divided by the total number of residential and commercial units but not including the total number of ready-to-serve units.

"Variable Expense Charge" shall mean the District's annual budgeted amount for expenses which vary with the volume of sewerage treated divided by the aggregate number of cubic feet used by all users.

Fee Setting Process

Each year, in order to establish the annual rates, the Trustees of the District develop a budget for the next year. The budget is based upon (1) anticipated debt service; (2) fixed operating costs of the support systems; and (3) variable operation and maintenance expenses. The Trustees then determine the total number of Residential and Commercial Units within the territory of the District. The total fixed budget is then divided by the total units, to arrive at charges per respective User Unit.

Each Residential Unit annually, is charged a User Service Charge that includes each Residential Unit shall annually pay (a) one debt service charge, (b) one fixed expense charge and (c) a variable expense equal to the variable expense charge times the number of cubic feet of water used by that unit. The amount of water used by that unit shall be determined by reviewing the Kennebunk, Kennebunkport & Wells Water District records, or if there are no such records, for the unit then by assuming that the unit used an amount equal to the average used by all residential units.

Each Commercial User annually, is charged a User Service Charge that includes each commercial user shall annually pay (a) an amount for debt service equal to the debt service charge times the number of commercial units calculated for that commercial user, (b) an amount for fixed expenses equal to the fixed expense charge times the number of commercial units calculated for that Commercial User, (c) a variable expense equal to the variable expense charge times the number of cubic feet of water used by that Commercial User and, (d) each industrial user discharging wastewater which requires additional treatment that is normally necessary shall be charged a surcharge.

Ready-to-Serve customers are responsible for an annual debt service charge, per respective User Unit. Vacant Land is assessed an annual charge based upon frontage owned, adjacent to an accessible sewer. The Catch Basin's annual charge is based upon a fixed annual charge for each catch basin discharging into the District's System.

Fees and Charges

Residential Customer

	2022	2023	2024	2025	2026
Debt Retirement	$203.97	$222.17	$220.82	$177.50	$197.35
Support System	$409.87	$407.20	$405.68	$445.71	$451.33
Variable O&M/cu ft	$0.03393	$0.03630	$0.04004	$0.04173	$0.4323

NOTE: The average residential user uses 8,000 cubic feet (ft^3) of water per year. Vacant lots will be charged $1.30 per foot of frontage. Ready-to-Serve customers will be charged for Debt Retirement charges for each dwelling unit.

Commercial and Industrial Customer

	2022	2023	2024	2025	2026
Debt Retirement	$203.97	$222.17	$220.82	$177.50	$197.35
Support System	$409.87	$407.20	$405.65	$445.71	$451.33
Variable O&M/cu ft	$0.03104	$0.03630	$0.04004	$0.04173	$0.4323

NOTE: Commercial and Industrial customers are charged one Debt Retirement and Support System charge for each 12,000 ft^3 of water consumed, with a minimum of one unit.

Equity Buy-In Fee

	2022	2023	2024	2025	2026
Cost/250 GPD	$5,025.00	$5,175.00	$5,330.00	$5,490.00	$5,655.00
Cost per gallon	$20.10	$20.70	$21.32	$21.96	$22.62

Impact Fee

	2022	2023	2024	2025	2026
Turnpike	$11.29	$11.88	$12.18	$12.28	$12.70

Annual Operating Revenue

Year	Residential	Commercial	Equity Buy-in or Impact	Other	Total Operating Revenue
2025	$3,003,803	$983,765	$173,261	$190,722	$4,351,551
2024	2,885,179	973,251	183,927	191,706	4,234,063
2023	2,879,842	1,023,107	177,497	181,096	4,261,542
2022	2,753,020	951,281	185,352	92,716	3,982,369
2021	2,656,234	823,458	278,377	29,371	3,787,440
2020	2,466,207	898,624	184,007	35,355	3,584,193
2019	2,402,270	872,434	162,618	15.743	3,453,065
2018	2,308,213	808,643	196,343	11,190	3,324,389
2017	2,257,397	823,747	99,931	9,344	3,190,419
2016	2,145,701	732,323	284,791	27,962	3,190,777

Historical Annual Cash Flow

	Beginning Balance	Estimated Expenses	Funded Cap Res.	Ending Balance
		Capital Reserves		
2025	$546,305	$135,661	$250,000	$660,644
2024	788,754	492,449	250,000	546,305
2023	848,310	409,556	350,000	788,754
2022	938,620	440,310	350,000	848,310
2021	899,991	311,371	350,000	938,620
2020	836,467	286,476	350,000	899,991
		Equity Buy In Fees		
2025	$794,849	$203,604	$182,919	$774,164
2024	782,472	225,499	237,876	794,849
2023	737,084	122,578	167,966	782,472
2022	762,769	202,463	176,778	737,084
2021	589,733	67,608	240,644	762,769
2020	604,950	196,683	181,466	589,733
		Impact Fees		
2025	$16,728	$0	$1,885	$18,613
2024	14,812	0	1,916	16,728
2023	13,013	0	1,799	14,812
2022	11,129	0	1,884	13,013
2021	9,329	0	1,800	11,129
2020	7,563	0	1,766	9,329

Fund Projection Table

	Summary of Funds			Total Fund Balance	
	Cap. Res.	Impact Fee	EBIF	Total	Adj. for Inf.
2025	561,375	18,563	975,163	1,555,101	1,513,113
2024	1,044,137	13,826	934,300	1,992,263	1,821,379
2023	716,237	12,326	808,020	1,536,583	1,412,306
2022	961,737	11,076	704,183	1,676,996	1,474,251
2021	850,237	10,076	756,433	1,616,746	1,423,287
2020	867,737	9,326	754,433	1,631,496	1,355,096

CAPITAL IMPROVEMENT PLAN

		Source of Funding			
Year	Total Cost	Bond	Capital Reserve	EBIF	Impact
2026	$990,000	$150,000	$275,000	$565,000	$0
2025	26,617,500	26,000,000	137,500	480,000	0
2024	777,850	0	762,850	15,000	0
2023	980,000	0	634,000	346,000	0
2022	4,132,500	3,700,000	238,500	194,000	0
2021	500,500	0	367,500	133,000	0
2020	594,300	0	315,000	169,300	110,000

CAPITAL IMPROVEMENT PLAN (continued)

Year	Engineering	Sewers	Pump Stations	WWTF	Vehicle	Safety
2026	$85,000	$80,000	$565,000	$195,000	$65,000	$0
2025	75,000	1,030,000	395,000	25,117,500	0	0
2024	0	449,250	15,000	243,600	70,000	0
2023	0	240,000	426,000	314,000	0	0
2022	2,500,000	543,300	894,000	55,200	140,000	0
2021	0	270,000	133,000	46,500	51,000	0
2020	0	95,000	184,300	315,000	0	0

FINANCIAL STATEMENTS

Title 30-A, Chapter 223, Subchapter VIII of the Maine Revised Statutes, as amended, and Section 4(2) of the District's Charter provide for annual reports of the District's accounts. The District, in conformance with the statute and its Charter, currently engages the services of Royer Advisors & Accountants, Certified Public Accountants, to provide the District's annual review. The audited financial statements for the fiscal year ended December 31, 2024 are presented as APPENDIX A to this Official Statement. The consent of Royer Advisors & Accountants for the incorporation of the financial statements included in APPENDIX A has not been requested by the District, nor has it been received.

Summary of Significant Accounting Policies

The accounting records of the District are maintained and its financial statements are prepared on the accrual basis of accounting. Other significant accounting policies of the District are as follows:

Consulting, engineering and legal fees are capitalized as part of the cost of development and construction of the physical plant facilities.

Interest expense on construction debt is capitalized during the period of construction as an additional cost of construction.

Property and equipment are carried at cost. Major additions and improvements are capitalized while maintenance and repaired which do not materially improve or extend the life of the assets are expensed currently.

Depreciation is computed by the straight-line method on all classes of property and equipment over their estimated useful lives. Depreciation of assets acquired from contributed funds is closed to contributed capital in calculating the current year's net increase or decrease in retained earnings.

Deferred bond issue expense consists of legal fees relating to the issuance of the bonds payable. These costs are amortized on a straight-line basis over the terms of the related bonds.

Funds provided by grants from the State and federal government, and customers which are restricted to the construction and improvement of the District's property and equipment are recorded in the contributed capital accounts.

An allowance for doubtful accounts is established in connection with a customer who has filed for Chapter 11 bankruptcy.

KENNEBUNK SEWER DISTRICT, MAINE
COMPARATIVE STATEMENT OF NET POSITION
(As of December 31,)

	2025	2024	2023	2022	2021
ASSETS					
Current assets:					
Cash	$4,994,582	$4,369,215	$4,128,045	$3,759,304	$3,579,006
Cash held	0	0	66,718	105,785	305,747
Accounts Receivable	799,687	845,289	821,037	683,315	617,324
Prepaid expenses	74,115	60,073	77,427	125,683	59,985
Total current assets	5,868,384	5,274,577	5,093,227	4,674,087	4,562,062
Restricted cash	10,914,160				
Special Funds:					
Cash and investments	1,555,190	2,252,330	2,708,118	5,280,435	5,932,954
Utility property:					
Operating property	49,120,840	48,181,304	46,010,693	45,514,998	35,813,528
Accumulated depreciation	(19,234,288)	(18,002,930)	(16,864,422)	(15,814,185)	(14,935,053)
Sub-total	29,886,552	30,178,374	29,146,271	29,700,813	20,878,475
Work in progress	2,473,061	1,855,980	3,182,219	429,313	7,079,827
Net utility property	32,359,613	32,034,354	32,328,490	30,130,126	27,958,302
Net pension asset	0	0	0	0	32,682
TOTAL ASSETS	50,697,347	39,561,261	40,129,835	40,084,648	38,486,000
DEFERRED OUTFLOWS					
Pensions	131,881	134,406	86,654	138,754	177,371
LIABILITIES					
Current liabilities:					
Accounts payable	120,388	103,480	223,577	224,909	790,900
Accrued liabilities	44,016	36,289	20,372	20,050	32,062
Accrued interest	86,365	32,339	34,236	117,834	58,030
Current portion - Debt	551,494	636,323	732,517	711,183	445,603
Total current liabilities	802,263	808,431	1,010,702	1,073,976	1,326,595
Long-term liabilities:					
Bonds payable	24,435,325	13,339,619	14,037,400	14,493,707	12,932,214
Accrued absences	205,430	211,507	173,519	131,412	133,028
Net pension liability	262,609	323,799	261,776	263,632	0
Total long-term debt	24,903,364	13,874,925	14,472,695	14,888,751	13,065,242
TOTAL LIABILITIES	25,705,627	14,683,356	15,483,397	15,962,727	14,391,837
DEFERRED INFLOWS					
Pensions	53,832	51,701	78,079	118,383	459,830
NET POSITION					
Net investment in capital	18,286,954	18,058,412	17,625,291	15,031,021	14,886,232
Restricted	0	0	66,718	105,785	305,747
Unrestricted	6,783,815	6,902,198	6,963,004	9,005,486	8,619,725
TOTAL NET POSITION	$25,070,769	$24,960,610	$24,655,013	$24,142,292	$23,811,704

Prepared from Audited Financial Statements.

KENNEBUNK SEWER DISTRICT, MAINE
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
(For Year Ended December 31,)

	2025	2024	2023	2022	2021
OPERATING REVENUES:					
Sewer charges	$3,965,263	$3,858,430	$3,902,949	$3,704,301	$3,479,692
Other sewer services	190,722	191,706	181,096	92,716	29,371
TOTAL OPERATING REVENUES	4,155,985	4,050,136	4,084,045	3,797,017	3,509,063
OPERATING EXPENSES:					
General and administration	750,249	755,920	690,879	658,614	676,827
Plant O&M	916,034	889,484	882,663	806,359	687,855
Personnel O&M	1,193,765	1,039,556	971,668	866,379	741,713
Vehicle O&M	24,052	19,944	19,763	21,147	17,818
Depreciation	1,231,358	1,177,332	1,128,710	969,192	969,387
TOTAL OPERATING EXPENSES	4,115,458	3,882,236	3,693,683	3,321,691	3,093,600
NET OPERATING INCOME	40,527	167,900	390,362	475,326	415,463
NON-OPERATING REVENUES:					
Interest income	200,361	186,762	189,244	28,556	8,692
Special funds' income	48,787	61,327	50,626	7,531	3,919
Interest expense	(332,868)	(287,974)	(291,389)	(260,848)	(142,970)
Non-utility income	(22,925)	0	(11,619)	0	(68,338)
Gain (Loss)on sale	3,016	(6,345)	8,000	(105,329)	0
TOTAL NON-OPERATING REVENUES	(103,629)	(46,230)	(55,138)	(330,090)	(198,697)
INCOME BEFORE CONTRIBUTIONS	(63,102)	121,670	335,224	145,236	216,766
CONTRIBUTIONS					
Equity buy-in/fees/impact fees/development fees	173,261	183,927	177,497	185,352	278,377
CHANGE IN NET POSITION	110,159	305,597	512,721	330,588	495,143
NET POSITION, BEGINNING	24,960,610	24,655,013	24,142,292	23,811,704	23,316,561
NET POSITION, END	$25,070,769	$24,960,610	$24,655,013	$24,142,292	$23,811,704

Prepared from Audited Financial Statements.

INDEBTEDNESS

LIMITATION

In accordance with Section 20(1) of its Charter, the total outstanding and unpaid indebtedness of the District may not at any one time exceed the sum of $55,000,000. The District will certify on the date of issue of the Notes that the District has not exceeded the foregoing debt limit and that issuance of the Notes will not cause the District to exceed such debt limit.

DEBT SUMMARY

Issue Date	Original Amount	Program[1]	Final Maturity	Balance as of December 31,[2] 2025	2026	2027
11/13/2015	2,683,282	CWSRF	11/1/2035	1,334,483	1,206,931	1,078,103
5/1/2017	2,400,000	Pub Sale	7/1/2037	1,635,000	1,520,000	1,400,000
12/1/2021	4,000,000	Pub Sale	7/1/2052	3,720,000	3,620,000	3,520,000
2/25/2023	7,113,890	CWSRF	10/1/2052	6,557,364	6,365,293	6,169,862
Total				**$13,246,847**	**$12,712,224**	**$12,167,965**

NOTE: [1] "CWSRF" indicates District bonds purchased by the Maine Municipal Bond Bank ("MMBB") with funds from the Clean Water State Revolving Loan Fund Program, administered jointly by the MMBB and the State, acting by and through its Department of Environmental Protection ("DEP").

[2] Balances for fiscal year 2025 are audited; balances for fiscal years 2026 and 2027 are unaudited.

PROJECTED PRINCIPAL PAYMENTS, BY ISSUE

FY end Dec. 31,	2015 CWSRF	2017 Bonds	2019 CWSRF	2021 Bonds	Total
2026	$127,553	$115,000	$192,070	$100,000	$534,623
2027	128,828	120,000	195,432	100,000	544,260
2028	130,117	125,000	198,852	105,000	558,968
2029	131,418	125,000	202,332	105,000	563,749
2030	132,732	130,000	205,872	110,000	578,604
2031	134,059	135,000	209,475	110,000	588,534
2032	135,400	135,000	213,141	115,000	598,541
2033	136,754	140,000	216,871	115,000	608,625
2034	138,121	145,000	220,666	120,000	623,787
2035	139,503	150,000	224,528	125,000	639,030
2036		155,000	228,457	125,000	508,457
2037		160,000	232,455	130,000	522,455
2038			236,523	130,000	366,523
2039			240,662	135,000	375,662
2040			244,874	140,000	384,874
2041			249,159	140,000	389,159
2042			253,519	145,000	398,519
2043			257,956	150,000	407,956
2044			262,470	155,000	417,470
2045			267,063	155,000	422,063
2046			271,737	160,000	431,737
2047			276,492	165,000	441,492
2048			281,331	170,000	451,331
2049			286,254	175,000	461,254
2050			291,264	175,000	466,264
2051			296,361	180,000	476,361
2052			301,547	185,000	486,547
	$1,334,483	**$1,635,000**	**$6,557,364**	**$3,720,000**	**$13,246,847**

CURRENT DEBT SERVICE REQUIREMENTS

Dec 31,	Principal	Interest	Fees	Total
2025	$520,057	$291,428	$22,386	$833,870
2026	534,623	278,661	22,386	835,670
2027	544,260	265,424	22,386	832,070
2028	558,968	251,916	22,386	833,270
2029	563,749	239,185	22,386	825,320
2030	578,604	226,380	22,386	827,370
2031	588,534	213,150	22,386	824,070
2032	598,541	199,694	22,386	820,620
2033	608,625	185,960	22,386	816,970
2034	623,787	173,947	22,386	820,120
2035	639,030	161,591	22,386	823,008
2036	508,457	148,892	15,341	672,690
2037	522,455	137,357	15,341	675,153
2038	366,523	125,489	15,341	507,353
2039	375,662	118,425	15,341	509,428
2040	384,874	111,175	15,341	511,390
2041	389,159	103,740	15,341	508,240
2042	398,519	96,230	15,341	510,090
2043	407,956	88,531	15,341	511,828
2044	417,470	80,454	15,341	513,265
2045	422,063	72,180	15,341	509,584
2046	431,737	63,825	15,341	510,903
2047	441,492	55,269	15,341	512,103
2048	451,331	46,512	15,341	513,184
2049	461,254	37,551	15,341	514,147
2050	466,264	28,386	15,341	509,990
2051	476,361	19,132	15,341	510,834
2052	486,547	9,671	15,341	511,559
	$13,766,904	$3,830,154	$507,048	$18,104,105

NOTE: [(1)] The MMBB's CWRS program assess fees to loans. Fees are paid to MMBB and the Maine Department of Environmental Protection ("DEP") to reimburse their costs of administrative expenses.

DEBT SERVICE COVERAGE

	2021	2022	2023	2024	2025
Operating Revenue:	$3,509,063	$3,797,017	$4,084,045	$4,050,136	$4,155,985
Non-operating Revenue:	12,611	36,087	239,870	248,089	252,164
Gross Revenue:	3,521,674	3,833,104	4,323,915	4,298,225	4,408,149
Operating Expenses:	(3,093,600)	(3,321,691)	(3,693,683)	(3,882,236)	(4,115,458)
Depreciation:	969,387	969,192	1,128,710	1,177,332	1,123,358
Net Revenue:	1,397,461	1,480,605	1,758,942	1,593,321	1,524,049
Current Debt Service:	571,438	695,581	999,729	1,072,252	959,925
Coverage Ratio:	**2.45x**	**2.13x**	**1.76x**	**1.49x**	**1.58x**

OVERLAPPING DEBT

The District does not have any obligations for which it is responsible for on an overlapping basis.

CONTINGENT DEBT

The District does not have any obligations for which it is responsible for on a contingent basis.

FUTURE FINANCING

The WWTF Project

The District contracted with Brown & Caldwell, through its Andover, Massachusetts office, in November of 2021, to design the final phase of the WWTF upgrade for the BNR process. The expected cost for the construction and contract administration is approximately $22.944 million. The project is projected to be substantially completed in spring 2028. With the completion of this project, the major improvements to the WWTF should be complete for the next 15 to 20 years. See "THE NOTES – PLAN OF FINANCING" herein.

CIP Projects

While formal action has not been taken to authorize many of the projects in the District's Capital Improvement Plan (the "CIP") the District contemplates that all or portions of projects in the CIP may be financed by future bonds. See "DISTRICT FINANCES – CAPITAL IMPROVEMENT PLAN" herein.

INVESTMENT POLICY

The District's investment are made with the judgment and care that persons of prudence, discretion and intelligence, under circumstances then prevailing, exercise in the management of their own affairs, not for speculation but for investment considering safety of principal and maintenance of capital, maintenance of sufficient liquidity to meet all operating and cash requirements with which a fund is charged, that is reasonably expected, and return of income commensurate with avoidance of unreasonable risk.

Section 22 of the Charter establishes an Investment Policy. Specifically, this section provides that "The District may invest its funds, including sinking funds, reserve funds and trust funds, to the extent that the term of any instrument creating the funds does not prohibit the investment, in shares of an investment company registered under the federal Investment Company Act of 1940, whose shares are registered under the United States Securities Act of 1933, only if the investments of the investment company are limited to obligations of the United States or any agency or instrumentality, corporate or otherwise, of the United States or repurchase agreements secured by obligations of the United States or any agency or instrumentality, corporate or otherwise, of the United States .... "

RETIREMENT

DEFINED BENEFIT PENSION PLANS

The District reports on the benefits provided and the contributions for these plans and in its FINANCIAL REPORT. Please see APPENDIX A – KENNEBUNK SEWER DISTRICT, MAINE 2025 FINANCIAL REPORT, NOTE 6, page 21 et seq. of the report.

DEFINED CONTRIBUTION PLAN

The District adopted the MainePERS 401(a) Defined Contribution Plan for the benefit of its employees. Employees are eligible to participate after six months of service. Each participant makes a pre-tax contribution to the plan at 6.50% of gross compensation. The plan was amended to allow the District to contribute 4.70% to the plan on behalf of participating employees. Employees are vested in employer contributions after three years of participation.

DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan in accordance with Section 457(k) of the Code. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Under the plan, eligible employees may contribute a portion of their salary on a pre-tax basis up to the maximum allowed by the Code. Currently, the district contributes 4.70% to the plan on behalf of participating employees.

OTHER POST-EMPLOYMENT BENEFITS

The District decided the liability for the implicit rate subsidy for Other Post-employment Benefits ("OPEB") involving health care benefits under GASB Statement 75, if any, was not material and is, therefore, not reported.

ENVIRONMENTAL MATTERS

Securities and Exchange Commission Regulation 229.103 (the "Regulation") requires that issuers subject to the disclosure requirements of the Securities Exchange Act of 1934 disclose, among other things, any material pending legal proceedings, including without limitation, legal proceedings involving environmental issues. That Regulation states that no information need be given with respect to any proceeding that involves primarily a claim for damages if the amount involved, exclusive of interest and costs, does not exceed 10 percent of the current assets of the issuer, and, if a governmental authority is a party to such proceeding and such proceeding involves potential monetary sanctions, unless the issuer reasonably believes that such proceeding will result in no monetary sanctions, or in monetary sanctions, exclusive of interest and costs, of less than $100,000. Although the Kennebunk Sewer District, as an issuer of municipal securities, is not subject to the provisions of the Regulation or the Securities Exchange Act of 1934, the District is voluntarily making the disclosure required by the Regulation with respect to environmental liabilities:

The Officials of the Kennebunk Sewer District are not aware of any legal proceedings either pending or threatened involving environmental matters that would require disclosure under the Regulation were the District subject to its provisions.

CLIMATE CHANGE

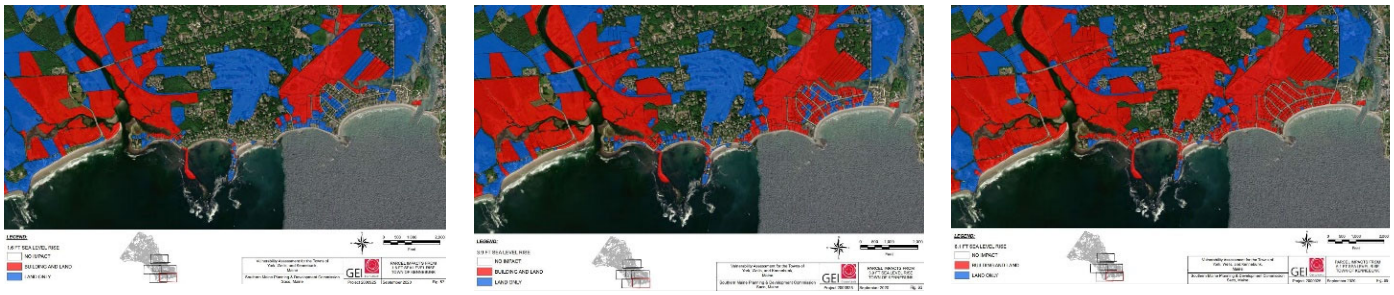
The Town

Rising sea levels pose a significant threat to Kennebunk and the surrounding area. A report for the Southern Maine Planning and Development Commission ("SMPDC") found that 33% of Kennebunk's Coastal Residential zoning district is at risk of inundation from an expected 1.6 feet of sea-level rise by 2050. The Town of Kennebunk is one of 39 member communities of SMPDC, a regional non-profit organization that works with local communities and governments on planning and economic development initiatives and efforts.

In August 2022, Kennebunk formed a Climate Action Plan Task Force; in May 2024 the town adopted Climate Action Plan ("CAP"), which includes 22 strategies to reduce greenhouse gas emissions and increase community resilience; in June 2024, the town established a permanent Climate Action Committee to oversee the implementation of the CAP.

Through the partnership with SMPDC, Kennebunk has participated in the Regional Sustainability and Resilience Program with five other coastal communities to leverage a collaborative approach in order to enhance the effectiveness of local government action. In addition, Kennebunk is a participant in the Coastal Resilience Program with two other coastal communities and is near the end stages of completing a comprehensive assessment, which has used local sea level rise projections, storm surge modeling, municipal geospatial data and population and demographic information to complete a GIS-based socio-economic vulnerability assessment of coastal flood hazards. This assessment is generating valuable information about flooding impacts to coastal property and populations, assessed value of impacted property, associated implications for the municipal tax base, and impacts to the local and regional economy. The findings will be used to inform the development adaptation, mitigation, and resilience strategies that the Town will employ to protect people, property, and natural resources from the impacts of coastal flooding now and into the future.

The Town is a signatory to the U.S. Mayor's Climate Protection Agreement and as a complement to the coastal resilience work, Town staff, as well as volunteers have encouraged and embraced energy efficient and environmentally friendly approaches as it relates to various efforts in Town. The Town has also completed a sea wall repair project with funding from FEMA to rebuild and repair damage from several severe storms in recent years.



Maps depicting parcel impacts from sea level rise (L to R: 1.6', 3.9' and 6.1')

The District

A flood protection system was design and built to protect the District's WWTP property, located at 71 Water Street in Kennebunk, from flooding of the Mousam River. The system consists of an earthen berm connected between high ground features that surround the WWTP, with two stormwater pump stations that remove interior stormwater runoff from the site. This structure blocks floodwaters from entering the facility and causing damage. The embankment is constructed with 2:1 and 3:1 side slopes and a crest elevation of approximately 15 feet NAVD88, providing 5 feet of freeboard above the Base Flood Elevation of 10 feet NAVD88 on the Mousam River.

SOURCES: *https://www.kennebunkmaine.us/1153/Climate-Action-Planning*
https://www.google.com/search?q=Kennebunk+Maine+Climate+Change

LITIGATION

In the opinion of the District officials, there is no litigation pending against the Kennebunk Sewer District that, either individually or in the aggregate, would result in judgments that would have a materially adverse effect on the District's financial position or its ability to meet its debt service obligations.

APPENDIX A

KENNEBUNK SEWER DISTRICT, MAINE

FINANCIAL REPORT

DECEMBER 31, 2025

(With Accountant's Report Thereon)

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KENNEBUNK SEWER DISTRICT

FINANCIAL REPORT

DECEMBER 31, 2025 and 2024

Independently Audited By

ROYER
Advisors & Accountants

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ROYER
Advisors & Accountants

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Kennebunk Sewer District

Report on the Audit of the Financial Statements

We have audited the financial statements of the business-type activities of Kennebunk Sewer District, as of and for the years ended December 31, 2025, and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Kennebunk Sewer District as of December 31, 2025, and 2024, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kennebunk Sewer District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management's for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly after.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kennebunk Sewer District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kennebunk Sewer District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the pension schedules on pages 3-9 and 28-29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Kennebunk Sewer District's basic financial statements. Schedules 3 to 5 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Schedules 3 to 5 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules 3 to 5 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Royer Advisors & Accountants

Royer Advisors and Accountants
Falmouth, Maine
April 8, 2026

Kennebunk Sewer District
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Management's Discussion and Analysis

December 31, 2025

Statement Overview of Financial Report

The District is a quasi-municipal Corporation established in 1955 by a special act of the Maine State Legislature. The District is responsible for providing and maintaining sewerage systems and related facilities to protect the local waters and provide benefit to the inhabitants of the town of Kennebunk. The District is governed by a five-person Board of Trustees who serve for staggered three-year terms.

The District uses a proprietary fund along with board designated funds. The District's fund is financed and operated in a manner similar to private businesses. The board designated funds are the sewer facility impact funds and the capital reserve funds. In addition, the District has restricted cash set aside for the biological nitrogen construction upgrade.

This Management's Discussion and Analysis (MD&A) serves as an introduction to the audited basic financial statements and notes. The MD&A is the District management's analysis of its financial condition and performance. It is presented to give the reader more insight into the District's finances.

The District's basic financial statements include:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to the Basic Financial Statements

Comparison of Financial Statements for Current and Prior Years

Condensed Statements of Net Position

	2025	2024	$ Change	% Change
Current Assets	$ 5,868,384	$ 5,274,577	$ 593,807	11.3%
Restricted Cash	10,914,160	-	10,914,160	100.0%
Special Funds	1,555,190	2,252,330	(697,140)	-31.0%
Capital Assets	32,359,613	32,034,354	325,259	1.0%
Total Assets	50,697,347	39,561,261	11,136,086	28.1%
Deferred Outflows of Resources	131,881	134,406	(2,525)	-1.9%
Current Liabilities	802,263	808,431	(6,168)	-0.8%
Long-term Liabilities	24,903,364	13,874,925	11,028,439	79.5%
Total Liabilities	25,705,627	14,683,356	11,022,271	75.1%
Deferred Inflows of Resources	52,832	51,701	1,131	2.2%
Net Investment in Capital Assets	18,286,954	18,058,412	228,542	1.3%
Unrestricted	6,783,815	6,902,198	(118,383)	-1.7%
Total Net Position	$ 25,070,769	$ 24,960,610	$ 110,159	0.4%

Current Assets and Special Funds

The net increase of the current assets by $593,807 in 2025 was primarily due to the increase in cash - rate stabilization, due to the Board of Trustees approved transfer of cash plus the 2025 interest income. On November 18, 2025, the District received the $11,647,200 proceeds of the 2025 Bond Anticipation Note for the Biological Nitrogen Removal Wastewater Treatment System project. As of December 31, 2025, the remaining balance is $10,914,160. The net decrease in special funds in 2025 by ($697,140) was primarily due to the payment of the 2025 costs of the Biological Nitrogen Removal Wastewater Treatment System Design project (completed in 2025), and Board of Trustees approved transfer of cash to Operating and Management.

Capital Assets

Capital assets had a net increase of $325,259 in 2025. Changes in capital assets were as follows:

Additions	
Buildings	$ 75,223
Pump stations	27,831
Transportation Equipment	836,483
Work in progress	1,390,264
Total Additions	2,329,801
Transfers	
Work in Progress Completed	(773,184)
Total Transfers	(773,184)
Accumulated Depreciation	
Current year depreciation expense	(1,231,358)
Change in Accumulated Depreciation	(1,231,358)
Net change in capital assets	$ 325,259

Deferred Outflows/Inflows of Resources

This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources of $131,881 of which $84,532 is related to a pension obligation as of June 30, 2025, and $47,349 is contributions made subsequent to the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows of resources of $52,832 related to a pension obligation as of June 30, 2025.

Long-term Liabilities

Long-term liabilities increased by $11,028,439 in 2025. This was primarily due to the issuance of the 2025 Bond Anticipation Note, which is to be used to finance the construction of the new Biological Nitrogen Removal Wastewater Treatment System.

Long-term Liabilities Change

Increase in Bonds Payable - Long-term	$ 10,965,377
Increase in Deferred Bond Premiums	130,329
Decrease in Compensated Absences	(6,077)
Decrease in Pension Liability	(61,190)
	$ 11,028,439

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2025	2024	$ Change	% Change
Operating Revenue	$ 4,155,985	$ 4,050,136	$ 105,849	2.6%
Operating Expenses	(4,115,458)	(3,882,236)	(233,222)	6.0%
Net Operating Income	40,527	167,900	(127,373)	-75.9%
Net Non-Operating Expenses	(103,629)	(46,230)	(57,399)	124.2%
Income Before Contributions	(63,102)	121,670	(184,772)	-151.9%
Contributions	173,261	183,927	(10,666)	-5.8%
Change in Net Position	110,159	305,597	(195,438)	-64.0%
Beginning Net Position	24,960,610	24,655,013	305,597	1.2%
Ending Net Position	$ 25,070,769	$ 24,960,610	$ 110,159	0.4%

Net Non-Operating Revenue or Expenses

This item is primarily made up of interest expense, interest income from the operating and board designated funds, bond issue costs, and the gain (loss) on the disposal of operating property.

Special Funds Revenue

Special funds revenue, which is included in net non-operating revenue or expenses, consists of interest income of $48,787 collected during the year.

Contributions

Contributions occur when development takes place within the District's service area and ownership of capital assets is transferred to the District. In addition, sewer impact fees and equity buy in fees are one-time charges collected for new construction or change of use that result in more wastewater discharged to the public sewer. The contributions for 2025 and 2024 were:

	2025	2024	$ Change	% Change
Sewer Equity Buy In Fees / Impact Fees, Net	$ 173,261	$ 183,927	$ (10,666)	-5.8%

Operating Expenses - Depreciation Expense

Depreciation expense, included in Operating Expenses, was $1,231,358 in 2025 and $1,177,332 in 2024. The increase was primarily because of the new capital asset acquisitions that were placed in service in 2025.

Operating Expenses - Other

Non-depreciating operating expense increased from $2,704,904 in 2024 to $2,884,100 in 2025, an increase of 6.6%. The expenses consisted of:

	2025	2024	$ Change	% Change
Salaries and Wages	$ 383,638	$ 371,406	$ 12,232	3.3%
Fringe Benefits	136,950	157,138	(20,188)	-12.8%
Insurance	94,113	78,335	15,778	20.1%
Legal and Audit Fees	13,885	12,470	1,415	11.3%
Contracted Services	58,757	65,256	(6,499)	-10.0%
Office Supplies	12,571	21,088	(8,517)	-40.4%
Postage	19,291	17,215	2,076	12.1%
Travel and Trips to Seminars	9,727	13,054	(3,327)	-25.5%
Permits and Fees	8,137	8,527	(390)	-4.6%
Miscellaneous Expenses	13,180	11,431	1,749	15.3%
Plant Maintenance & Operations	916,034	889,484	26,550	3.0%
Maintenance & Operations Personnel	1,193,765	1,039,556	154,209	14.8%
Vehicle Maintenance & Operations	24,052	19,944	4,108	20.6%
Total other operating expenses	$ 2,884,100	$ 2,704,904	$ 179,196	6.6%

Salaries and Wages: The increase in salaries and wages was mainly due to the annual salary increase.

Fringe Benefits: The net decrease was mainly due change in GASB 68 pension expense.

Insurance Expense: The increase was mainly due to the increase in the workers' compensation premiums. This was due to the workers' compensation claims in 2024 and 2025 because of the injury incurred by one of the operations employees in 2024.

Contracted Service: The decrease was mainly due to the billing program being maintained by an employee of the District in 2025. This was outsourced in 2024.

Office Supplies: The decrease was due to fewer computer hardware purchases in 2025.

Maintenance & Operations Personnel: The increase in maintenance and operations personnel was mainly due to the annual salary increase and one employee that was hired at the end of 2024 was paid for the full year in 2025. In addition, one employee was on short-term disability in 2024 and opted not to use his accrued sick time.

Overall Financial Position and Results of Operations

To determine the change in the District's financial position in the past year we have focused on two elements: financial ratios and revenue stability.

Financial Ratios

Two of the key financial ratios for analyzing the District's financial position are the current ratio and the coverage ratio. During 2025, the current ratio increased from 6.52 to 7.31. The increase was mainly due to the increase in cash and decrease in the current portion of long-term debts in 2025. The coverage ratio slightly increased from 1.49 to 1.58. This is due to lower debt service in 2025, due to the last payment due for the 2004 $2M bond in 2024.

	2025	2024
Current Assets	$ 5,868,384	$ 5,274,577
Current Liabilities	802,263	808,431
Current Ratio	**7.31**	**6.52**
Operating Revenue	4,155,985	4,050,136
Interest Income	249,148	248,089
Gross Revenue	4,405,133	4,298,225
Operating Expenses	4,115,458	3,882,236
Less: Depreciation	1,231,358	1,177,332
Expenses before Depreciation	2,884,100	2,704,904
Net Available for Debt Service	$ 1,521,033	$ 1,593,321
Principal Payments	$ 627,057	$ 784,278
Interest Expense	332,868	287,974
Total Debt Service	$ 959,925	$ 1,072,252
Net Available for Debt Service	$ 1,521,033	$ 1,593,321
Total Debt Service	$ 959,925	$ 1,072,252
Coverage Ratio	**1.58**	**1.49**

Revenue Stability

Most of the District's operating revenue, 95.41% in 2025 and 95.27% in 2024, comes from sewer user fees. These revenue sources are stable and were relatively unchanged.

Significant Revenues and Expenses of Individual Funds

Operating and Management Fund

Operating revenue increased in 2025 by 2.6% over last year and operating expenses increased by 6.0%. This resulted in net operating income decreasing over last year by $(127,373). The increase in operating revenue was primarily due to the increase in billable water use in 2025. The increase in operating expenses is explained above in *Operating Expenses - Other.*

	2025	2024	$ Change	% Change
Operating Revenue	$ 4,155,985	$ 4,050,136	$ 105,849	2.6%
Operating Expenses	(4,115,458)	(3,882,236)	(233,222)	6.0%
	$ 40,527	$ 167,900	$ (127,373)	-75.9%

Sewer Impact Fund

Sewer facility impact fees and equity buy in fees are one-time charges for new construction or changes of use that result in more wastewater being discharged to the public sewer. Funds collected will help defray the costs of the present and any future upgrades to the wastewater treatment facility and may be used to help meet the capital needs of the District.

The District's staff recalculates the fee on a yearly basis using the most current audit year's information. In 2025, the Equity Buy-In Fee for a single-family dwelling was set at $5,490 and $5,330 in 2024. At the September 1, 2015 Trustee Meeting, the trustees adopted the State of Maine Subsurface Wastewater Disposal Rules, August 3, 2015 for the primary method of determining flow from residential and commercial buildings.

	2025	2024	$ Change	% Change
Sewer Equity Buy In Fees / Impact Fees, Net	$ 173,261	$ 183,927	$ (10,666)	-5.8%
Impact Fees' Interest Income	29,851	31,829	(1,978)	-6.2%
Totals	$ 203,112	$ 215,756	$ (12,644)	-5.9%

There were 33 sewer connections and changes of use in 2025 compared to 44 in 2024. All the 33 sewer connections in 2025 are residential units.

For those customers that are on a payment plan, revenue is recognized when payment is received. The equity buy in fee revenue is also affected by the amount of prepayments from the vacant lots' fee and ready to serve fee which were recorded as revenue at the time they were received by the District and a reduction to the equity buy in fee at the time of sewer line connection.

Capital Reserves Fund

Interest income earned from the fund designated by the board for capital reserves was as follows:

	2025	2024	$ Change	% Change
Capital Reserves' Interest Income	$ 18,936	$ 29,498	$ (10,562)	-35.8%

Significant Budget Variances

The District is not legally required to adopt budgetary accounting and reporting. However, an annual budget is prepared by management and approved by the Board of Trustees. The budget is prepared for the operating and maintenance costs, which includes the debt service and transfer to the capital fund, and for the capital expenditures.

Significant Capital Asset and Long-term Debt Activity

Every year, the District Manager prepares the capital budget. He submits this to the Board of Trustees for approval. Throughout the year, capital purchases are made and paid for through the operating and maintenance fund. In January or February of each year, the Board votes to reimburse the operating and maintenance account for the amount that has been spent on capital expenditures from the previous year. The reimbursement will be funded by the special funds. If capital expenditures are incurred during the year, which are not included in the capital budget, the District Manager will submit this expenditure to the Board of Trustees for approval for the transfers of funds from the special funds to the operating and maintenance fund.

Capital Assets

Overall, net utility property increased by $325,259 from $32,034,354 to $32,359,613. The accumulated depreciation increased by $1,231,358.

Long Term Debt

The total bonded debt (both long-term debt and current portion) activity of 2025 is detailed below:

	Beginning Balance	Additions	Reductions	Ending Balance
Bonds payable	$ 13,873,904	$ 11,500,000	$ (627,057)	$ 24,746,847

Currently Known Facts and Decisions

The District's Board of Trustees adopted a bond resolution on March 5, 2024 authorizing the issuance of up to $30,000,000 District's bonds to finance the design, construction and equipping of a new biological nitrogen removal waste water treatment system at the District, including but not limited to upgrades or construction of clarifiers, tanks, pumps, instrumentation, electronics, blowers, compressors, and other equipment, and the rehabilitation of the gravity sewer system in selected pump stations. On November 18, 2025, the District issued an $11,500,000 Sewer System Revenue Bond Anticipation Note, which is expected to be converted into a long-term bond on November 18, 2026. The remaining balance of the authorized amount is expected to be issued in 2026.

In December 2021, the District received the proceeds of the $4,000,000 revenue bond. This funded the upgrades of the Doane's Wharf Pumping Station, Wells Road Force Main, and the biological nitrogen removal treatment system design. The Wells Road Force Main project was completed in 2023, and the Doane's Wharf Pumping Station was completed in 2024. The biological nitrogen removal treatment system design was completed in 2025.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Kennebunk Sewer District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Christopher J. Gallant, P.E., District Manager, Kennebunk Sewer District, P.O. Box 648, Kennebunk, ME 04043-0648.

BASIC FINANCIAL STATEMENTS

Kennebunk Sewer District
Statements of Net Position
As of December 31,

	2025	2024
ASSETS		
Current Assets:		
Cash	$ 4,994,582	$ 4,369,215
Accounts Receivable	799,687	845,289
Prepaid Expenses	74,115	60,073
Total Current Assets	5,868,384	5,274,577
Restricted Cash - Capital Project (BAN Proceeds)	10,914,160	-
Special Funds - Internally Restricted and Board Designated:		
Cash and Investments	1,555,190	2,252,330
Utility Property:		
Operating Property	49,120,840	48,181,304
Accumulated Depreciation	(19,234,288)	(18,002,930)
	29,886,552	30,178,374
Work In Progress	2,473,061	1,855,980
Net Utility Property	32,359,613	32,034,354
TOTAL ASSETS	50,697,347	39,561,261
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	131,881	134,406
LIABILITIES		
Current Liabilities:		
Accounts Payable	120,388	103,480
Accrued Liabilities	44,016	36,289
Accrued Interest	86,365	32,339
Current Portion of Long-Term Debt (Includes Current Portion of Deferred Bond Premiums of $16,871)	551,494	636,323
Total Current Liabilities	802,263	808,431
Long-Term Liabilities		
Bonds Payable (Includes Long-term portion of Deferred Bond Premiums of $223,101)	24,435,325	13,339,619
Accrued Compensated Absences	205,430	211,507
Net Pension Liability	262,609	323,799
Total Long-Term Liabilities	24,903,364	13,874,925
TOTAL LIABILITIES	25,705,627	14,683,356
DEFERRED INFLOWS OF RESOURCES		
Pensions	52,832	51,701
NET POSITION		
Net Investment in Capital Assets	18,286,954	18,058,412
Unrestricted	6,783,815	6,902,198
TOTAL NET POSITION	$ 25,070,769	$ 24,960,610

The accompanying notes are an integral part of these financial statements.

Kennebunk Sewer District
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31,

	2025	2024
OPERATING REVENUES		
Sewer Charges, Net of Abatements	$ 3,965,263	$ 3,858,430
Other Sewer Services	190,722	191,706
Total Operating Revenues	4,155,985	4,050,136
OPERATING EXPENSES		
General and Administration	750,249	755,920
Plant Maintenance and Operation	916,034	889,484
Maintenance and Operating Personnel Costs	1,193,765	1,039,556
Vehicle Maintenance and Operation	24,052	19,944
Depreciation Expense	1,231,358	1,177,332
Total Operating Expenses	4,115,458	3,882,236
NET OPERATING INCOME	40,527	167,900
NON-OPERATING REVENUES OR (EXPENSES)		
Interest Income (Undesignated)	200,361	186,762
Special Funds' Interest Income	48,787	61,327
Interest Expense	(332,868)	(287,974)
Bond Issuance Costs	(22,925)	-
Gain (Loss) on Disposal of Assets	3,016	(6,345)
Net Non-operating Revenues or (Expenses)	(103,629)	(46,230)
INCOME BEFORE CONTRIBUTIONS	(63,102)	121,670
CONTRIBUTIONS		
Sewer Equity Buy In Fees/ Impact Fees, Net	173,261	183,927
CHANGE IN NET POSITION	110,159	305,597
NET POSITION - AT BEGINNING OF YEAR	24,960,610	24,655,013
NET POSITION - AT END OF YEAR	$ 25,070,769	$ 24,960,610

The accompanying notes are an integral part of these financial statements.

Kennebunk Sewer District
Statements of Cash Flows
For the Years Ended December 31,

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	$ 4,201,586	$ 4,025,885
Cash Payments to Suppliers and Contractors	(1,699,982)	(1,744,284)
Cash Payments to Employee Services	(1,262,214)	(1,048,607)
Net Cash Provided by Operating Activities	1,239,390	1,232,994
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(627,058)	(784,278)
Interest Payments	(288,107)	(299,568)
2025 Bond Anticipation Note Issue Costs	(22,925)	-
Sewer Equity Buy In Fees/ Impact Fees Collected, Net	173,261	183,927
Cash Drawn from Third Party	-	66,718
Proceeds from Borrowings	11,647,200	-
Proceeds from Sale of Asset	3,016	-
Expenditures for Utility Property	(1,531,538)	(862,500)
Net Cash Provided (Used) by Financing Activities	9,353,849	(1,695,701)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income Received	249,148	248,089
Net Cash Provided by Investing Activities	249,148	248,089
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	10,842,387	(214,618)
CASH AND CASH EQUIVALENTS - AT BEGINNING OF YEAR	6,621,545	6,836,163
CASH AND CASH EQUIVALENTS - AT END OF YEAR	$ 17,463,932	$ 6,621,545
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash Components:		
Externally Restricted	$ 10,914,160	$ -
Internally Restricted and Board Designated	1,555,190	2,252,330
Operating	4,994,582	4,369,215
	$ 17,463,932	$ 6,621,545

The accompanying notes are an integral part of these financial statements.

Kennebunk Sewer District
Statements of Cash Flows
For the Years Ended December 31,

	2025	2024
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net Operating Income	$ 40,527	$ 167,900
Adjustments not affecting cash:		
Depreciation	1,231,358	1,177,332
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	45,602	(24,251)
Prepaid Expenses	(14,042)	17,354
Deferred Outflows	2,525	(47,752)
(Decrease) Increase in:		
Accounts Payable	(8,171)	(147,139)
Accrued Liabilities	1,650	53,905
Net Pension Liability	(61,190)	62,023
Deferred Inflows	1,131	(26,378)
Net Cash Provided by Operating Activities	$ 1,239,390	$ 1,232,994

The accompanying notes are an integral part of these financial statements.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES

This summary of significant accounting policies of the Kennebunk Sewer District, hereinafter called the "District", is presented to assist in understanding the representations of the District's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Business

The District is a quasi-municipal corporation established in 1955 by a special act of the Maine State Legislature to provide and maintain a sewerage system and related facilities for the benefit of the inhabitants of the District. The District is governed by a five-person Board of Trustees who serve for staggered three-year terms. The District extends normal trade credit to their customers, which consists of residential dwellings, commercial entities, and governmental agencies.

Basis of Accounting

The accounting records of the District are maintained and the financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred, or economic asset used.

Basis of Presentation

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary funds are the net charges to customers for sewer usage. Operating expenses include expenses on plant maintenance and operations, vehicle operations and maintenance, maintenance and operating personnel costs, administrative and general, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating income and expenses.

Revenue Recognition

The District's revenue is comprised of fixed and variable fees for residential and commercial customers. Fixed charges are assessed to pay outstanding debt and budgeted operations and maintenance expenses. Water consumption is used to assess variable fees. The District bills quarterly and the current year's charges are based on prior year's water usage plus current year fixed charges.

Cash and Investments

For purposes of the statement of cash flows, the District includes cash on hand, deposits in banks including certificates of deposits, and money market funds.

Maine statutes authorize investments in obligations of the U. S. Treasury and U. S. Agencies, and repurchase agreements. The District invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid, and attain a reasonable market rate of return. Investments are reported at cost; there is no significant difference between the fair value and cost of investments.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (Continued)

Allowance for Doubtful Accounts

The District has determined that it is not necessary for them to maintain an allowance for doubtful accounts. Generally accepted accounting principles require that the allowance method be used to recognize bad debts. However, the District is permitted by the State of Maine to lien property if sewer bills remain unpaid. Furthermore, the District has the authority to foreclose on property eighteen months after the filing of liens if the liens and associated costs remain unpaid.

Utility Property

Utility property is stated at cost and depreciated on the straight-line method over their estimated useful lives. Repairs and maintenance are expensed as incurred.

Capitalization Policy

Expenditures that increase the value or productive capacity of assets are capitalized. Charges for additions to utility plant accounts include all reasonable and necessary costs for labor, materials, and overhead plus an allowance for the current cost of funds used for construction purposes. When property and equipment are retired, sold, or otherwise disposed of, the asset's carrying amount and related accumulated depreciation are removed from the accounts and any gain or loss is included in non-operating revenues or expenses.

Contributions in Aid of Construction

Pursuant to the Governmental Accounting Standards Board Standards, contributions in aid are reported as income.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses totaled $384 and $398 for 2025 and 2024, respectively.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows of resources of $131,881 of which $84,532 is related to a pension obligation as of June 30, 2025, and $47,349 is contributions made subsequent to the measurement date.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows of resources of $52,832 related to a pension obligation as of June 30, 2025.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of MainePERS Participating Local District Consolidated Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. The Plan's net pension liability, deferred inflows of resources and deferred outflows of resources related to pensions were measured at June 30, 2025, the latest measurement data available.

NOTE 1: SUMMARY OF ACCOUNTING POLICIES (Continued)

Net Position Classifications

Net position is required to be classified into the following components:

Net Investment in Capital Assets – This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

	2025	2024
Capital assets	$ 51,593,901	$ 50,037,284
Accumulated depreciation	(19,234,288)	(18,002,930)
Bonds and notes payable	(14,072,659)	(13,975,942)
Net investment in capital assets	$ 18,286,954	$ 18,058,412

Restricted – This component consists of constraints placed on the use of net position which are either externally imposed by debt covenants, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: SPECIAL FUNDS, DEPOSITS, AND INVESTMENTS

The Board of Trustees has internally restricted various cash and investment accounts for future capital projects. In addition to the sewer equity buy-in fees and impact fees and the capital reserve amounts listed below, the District has restricted cash set aside for the Biological Nitrogen Construction upgrade ($10,914,160). As of December 31, 2025, and 2024, the other special fund balances are as follows:

Special Fund - Sewer Equity Buy-In Fees and Impact Fees

The District collects equity buy in fees and facility impact fees in order to provide funds for future capital needs. These fees are considered contributed capital and are included in revenue pursuant to the Governmental Accounting Standards Board. The net amount collected during 2025 and 2024 was $173,261 and $183,927, respectively.

NOTE 2: SPECIAL FUNDS, DEPOSITS, INVESTMENTS, AND CASH HELD BY THIRD PARTY (Continued)

Special Fund - Sewer Equity Buy-In Fees and Impact Fees (Continued)

The unexpended portion of collected equity buy in fees and facility impact fees is segregated and internally restricted to use for utility property additions and improvements, and are invested as follows at December 31, 2025 and 2024:

	2025	2024
Cash	$ 993,726	$ 1,016,114
Restricted investment earnings	$ 29,851	$ 31,829

Special Fund - Capital Reserve

Equipment purchases, capital replacement, and other reserves funds are appropriated by the District's Board of Trustees from earnings, and are invested as follows at December 31, 2025 and 2024:

	2025	2024
Cash	$ 561,375	$ 813,055
Restricted investment earnings	$ 18,936	$ 29,498

The District invests all available funds at the highest possible rates while avoiding unreasonable risk. Generally, the District invests excess funds in savings accounts, money market accounts, and certificates of deposit.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the bank's failure, the District will not be able to recover the value of its deposits and investments that are in the possession of an outside party. The District does not have a deposit policy for custodial credit risk.

Cash Deposits

As of December 31, 2025, the District reported cash of $17,463,932 with a bank balance of $17,503,839. Of the District's bank balances, $13,109,417 was covered by FDIC insurance, and $4,394,422 was exposed to custodial credit risk. Of the balance exposed to custodial credit risk, $4,300,000 was collateralized by securities held by the pledging bank, but not in the District's name, and the remaining $94,422 was uninsured and uncollateralized.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Utiility Property Not Being Depreciated				
Land and easements	$ 111,506	$ -	$ -	$ 111,506
Work in progress	1,855,981	1,390,264	(773,184)	2,473,061
Totals	1,967,487	1,390,264	(773,184)	2,584,567
Utiility Property Being Depreciated				
Buildings	29,444,915	75,223	-	29,520,138
Pump station	10,635,922	27,831	-	10,663,753
Sewers and forced mains	7,382,553	836,483	-	8,219,036
Transportation equipment	454,791	-	-	454,791
Other equipment	151,616	-	-	151,616
Totals	48,069,797	939,537	-	49,009,334
Total Utility Property Cost	50,037,284	2,329,801	(773,184)	51,593,901
Accumulated depreciation	(18,002,930)	(1,231,358)	-	(19,234,288)
Net utility property	$ 32,034,354	$ 1,098,443	$ (773,184)	$ 32,359,613

The District's depreciation expense for the years ended December 31, 2025 and 2024 was $1,231,358 and $1,177,332, respectively. The depreciation expenses of utility property acquired by capital grants and by donations are included in the above amount.

NOTE 4: LONG-TERM DEBT

Long-term debt is summarized as follows at December 31, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Bonds payable	$ 13,873,904	$ 11,500,000	$ (627,057)	$ 24,746,847	$ 534,623
Deferred Bond Premiums	102,038	147,200	(9,266)	239,972	16,871
Totals	$ 13,975,942	$ 11,647,200	$ (636,323)	$ 24,986,819	$ 551,494

NOTE 4: LONG-TERM DEBT (Continued)

Details of the District's outstanding bonds are as follows:

	Maine Muncipal Bond Bank	U.S.Bank National Association	U.S.Bank National Association	Maine Muncipal Bond Bank	U.S.Bank National Association
Bond Type	CWSRF	Revenue	Revenue	CWSRF	Revenue
Issue Date	11/13/2015	5/1/2017	12/1/2021	2/15/2023	11/1/2025
Maturity Date	11/1/2035	7/1/2037	7/1/2052	10/1/2052	11/1/2056
Annual Interest Rate	1.000%	3.0% to 4.0%	2.0% to 4.0%	1.750%	4.000%
Original Issue Amount	$ 2,683,282	$ 2,400,000	$ 4,000,000	$ 7,113,890	$ 11,500,000
Annual Principal Payments	From $125,039 to $139,503	From $75,000 to $160,000	From $90,000 to $185,000	From $182,330 to $301,547	From $202,519 to $644,777
Balance, December 31, 2025	$ 1,334,483	$ 1,635,000	$ 3,720,000	$ 6,557,364	$ 11,500,000

Scheduled maturities of the long-term debts are as follows:

Year	Principal Payment	Interest Payment	Total
2026	$ 534,623	$ 278,661	$ 813,284
2027	746,779	721,738	1,468,517
2028	769,738	699,979	1,469,717
2029	783,106	678,661	1,461,767
2030	806,898	656,919	1,463,817
2031 - 2035	4,347,318	2,939,706	7,287,024
2036 - 2040	3,731,593	2,361,882	6,093,475
2041-2045	3,956,554	1,813,914	5,770,468
2046-2050	4,598,085	1,179,702	5,777,787
2051-2055	3,827,374	458,502	4,285,876
2056	644,779	14,055	658,834
Totals	$ 24,746,847	$ 11,803,719	$ 36,550,566

Interest expense for 2025 and 2024 were $332,868 and $287,974, respectively.

Deferred Bond Premiums

When issuing long-term debt, bond premiums received at the time of sale are capitalized and amortized over the term of the bond, decreasing interest expense in subsequent years. The total reduction of interest expense for years ended 2025 and 2024 was $9,266 and $9,697, respectively. Deferred bond premiums remaining as of December 31, 2025 and 2024, were $239,972 and $102,038, respectively.

NOTE 5: COMPENSATED ABSENCES

The District's employee benefits include two types of compensated absences, accrued sick time and accrued vacation time. Employees with 5 or more years of continuous service qualify for accrued sick time payouts upon retirement, with payments equal to 50% of accumulated sick time for service between 5 and 10 years and payouts of 100% of accumulated sick time for employees with more than 10 years of continuous service up to a maximum of 960 hours. The total accrued sick time and accrued vacation time liability as of December 31, 2025 and 2024 was $205,430 and $211,507, respectively.

NOTE 6: EMPLOYEE RETIREMENT PLANS

MEPERS Defined Benefit Plan

Effective July 1, 1995, the District became a participant of the Maine Public Employees State Retirement System's (MEPERS) multiple employer cost sharing consolidated retirement plan. Accordingly, due to the consolidation, details of the pension obligation pertaining to the District can no longer be presented. Additional information may be obtained from the MEPERS, 46 State House Station; Augusta, Maine 04333-0046.

As of June 30, 2025, there were 335 employers participating in the plan.

Pension Benefits

Benefit terms are established in Maine statute; in the case of the PLD Consolidated Plan, an advisory group, also established by statute, reviews the terms of the plan and periodically makes recommendations to the Legislature to amend them. The System's retirement program provides defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occurs upon the earning of five years of service credit (effective October 1, 1999, the prior ten-year requirement was reduced by legislative action to five years for employees of the PLD). In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual rate of interest credited to members' accounts is set by the System's Board of Trustees and is currently 4.58%.

Member and Employer Contributions

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or by the System's Board of Trustees and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations.

Financial Reporting

The Plan issues stand-alone financial reports which can be found online at:

http://www.mainepers.org/Publications/Publications.htm#Annual Reports

NOTE 6: EMPLOYEE RETIREMENT PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability, deferred inflows of resources and deferred outflows of resources related to pensions were measured at June 30, 2025, the latest measurement date available, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These amounts are reported on the District's financial statements as of December 31, 2025. The District's deferred outflows of resources related to pension balances, as of the measurement date, was increased by contributions to pensions made in the last half of the current fiscal year. These amounts were adjusted accordingly as reductions to expenses in the Statement of Activities.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating districts and the member employers, actuarially determined. At June 30, 2025, the District's proportion was 0.079430%, which was a decrease of 0.001469% from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the District recognized a reduction in pension expense of $57,534. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	PLD Plan	
	Deferred Outflows of Resources	Deferred inflows of Resources
Differences between expected and actual experience	$ 84,532	$ -
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	48,081
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	4,751
District contributions subsequent to the measurement date	47,349	-
Total	$ 131,881	$ 52,832

Differences due to changes in assumptions about future economic or demographic factors or other inputs were recognized in pension expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan.

NOTE 6: EMPLOYEE RETIREMENT PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

District's contributions to the Plan subsequent to the measurement date, totaling $47,349, are reported as deferred outflows of resources related to pensions and will be recognized in pension expense in the next fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	PLD Plan
2026	$ 70,982
2027	(9,330)
2028	(11,330)
2029	(18,622)
Total	$ 31,700

Actuarial Methods and Assumptions

The collective total pension liability for the Plans was determined by an actuarial valuation as of June 30, 2025 and 2024, using the following methods and assumptions applied to all periods included in the measurement:

Actuarial Cost Method

The Entry Age Normal cost method is used to develop costs. Under this cost method, the total employer contribution rate consists of two elements: the normal cost rate and the unfunded actuarial liability rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of his or her expected future salary. The normal cost for each employee is the product of his or her pay and his or her normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e., decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

NOTE 6: RETIREMENT PLANS (Continued)

Actuarial Methods and Assumptions (Continued)

Amortization (Continued)

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2025 and June 30, 2024 are as follows:

Investment Rate of Return – 6.50% for years ended June 30, 2025 and June 30, 2024, compounded annually.

Inflation Rate – 2.75% per annum for the years ended June 30, 2025 and 2024.

Salary Increases, Merit, and Inflation – members of the PLD Consolidated Plan, 2.75% to 11.48% for the years ended June 30, 2025 and June 30, 2024.

Mortality Rates – For the years ended June 30 2025 and June 20, 2024, based on the 2010 Public Plan General Benefits-Weighted Healthy Retiree Mortality Table, for males and females, projected generationally using the RPEC_2020 model.

Cost of Living Benefit Increases – 1.91% for the year ended June 30, 2025 and 2024 for participating local districts.

The long-term expected rate of return on pension plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as June 30, 2025 are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Public equities	5.60%
US Government	2.20%
Private equity	7.20%
Real assets:	
Real estate	5.80%
Infrastructure	5.30%
Natural resources	5.10%
Traditional credit	2.70%
Alternative credit	6.40%
Diversifiers	4.80%

NOTE 6: EMPLOYEE RETIREMENT PLANS (Continued)

Actuarial Methods and Assumptions (Continued)

Discount Rate

The discount rate used by the Plan to measure the collective total pension liability was 6.50% for 2025 and 2024. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Asset to Changes in the Discount Rates

The following table shows how the collective net pension assets, as of June 30, 2025, would change if the discount rate used was one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
PLD Plan			
Net pension liability (asset)	$ 769,398	$ 262,609	$ (154,635)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MainePERS financial report.

MEPERS Defined Contribution Plan

MEPERS 401(a) Defined Contribution Plan - The District adopted the Maine Public Employees State Retirement System Defined Contribution plan for the benefit of its employees. Employees are eligible to participate after six months of service. Each participant shall make pre-tax contributions to the plan at 6.5% of gross compensation. The plan was amended to allow the District to contribute 4.70% to the plan on behalf of the participating employees. Employees are vested in employer contributions after three years of participation.

MEPERS Deferred Compensation Plan

The District offers a deferred compensation plan to its employees and is established pursuant to legislation and in accordance with the requirements of Section 457 of the United States Internal Revenue Code of 1986. Under the plan, eligible employees may contribute a portion of their salary on a pre-tax basis up to the maximum annual contribution allowed by the IRS. The Maine Public Employees State Retirement System sponsors the plan and the District's contributions on behalf of the participants is discretionary. Currently, the District contributes 4.70% to the plan on behalf of the participating employees.

NOTE 7: INCOME TAX STATUS

The District qualifies as a tax-exempt organization under the provisions of the Internal Revenue code and, accordingly, its revenue is not subject to any State or Federal income taxes.

NOTE 8: OTHER DISCLOSURES

Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors, and omissions; and natural disaster for which the District carries commercial insurance. Based on the coverage provided by commercial insurance purchased, the District is not aware of material actual or potential claim liabilities, which is to be recorded at December 31, 2025.

Litigation

The District is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the District has defensible positions, and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the District.

NOTE 9: SUBSEQUENT EVENTS

The District's Board of Trustees adopted a bond resolution on March 5, 2024 authorizing the issuance of up to $30,000,000 District's bonds to finance the design, construction and equipping of a new biological nitrogen removal waste water treatment system at the District, including but not limited to upgrades or construction of clarifiers, tanks, pumps, instrumentation, electronics, blowers, compressors, and other equipment, and the rehabilitation of the gravity sewer system in selected pump stations. On November 18, 2025, the District issued an $11,500,000 Sewer System Revenue Bond Anticipation Note, which is expected to be converted into a long-term bond on November 18, 2026. The remaining balance of the authorized amount is expected to be issued in 2026.

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through [Report Date], the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Kennebunk Sewer District
Schedule of the District's Proportionate Share of the Net Pension Liability
MainePERS Participating Local District Plan
Employer ID: 0201
For the Last Ten Years*

For the Fiscal Year Ended	District's proportion of the net pension liability	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2025	0.079430%	$ 262,609	$ 924,223	28.41%	93.01%
2024	0.080899%	323,799	777,112	41.67%	91.06%
2023	0.082037%	261,776	743,282	35.22%	92.34%
2022	0.099170%	263,632	719,882	36.62%	93.26%
2021	0.101698%	(32,682)	716,988	-4.56%	100.86%
2020	0.104279%	414,314	691,062	59.95%	88.35%
2019	0.109803%	335,625	643,842	52.13%	90.62%
2018	0.100596%	275,308	610,329	45.11%	91.14%
2017	0.098412%	402,935	551,208	73.10%	86.43%
2016	0.094775%	503,569	487,555	103.28%	81.61%

* Date headers reflect the reporting fiscal year, but measurement dates are six months prior.

Kennebunk Sewer District
Schedule of the District's Employer Contributions
MainePERS Participating Local District Plan
Employer ID: 0201
For the Last Ten Years*

For the Fiscal Year Ended	Contractually required contributions	District's contributions in relation to the contractually required contributions	District's contribution deficiency (excess)	District's covered-employee payroll	District's contributions as a percentage of its covered-employee payroll
2025	$ 92,891	$ 92,891	$ -	$ 924,223	10.05%
2024	78,360	78,360	-	777,112	10.08%
2023	75,815	75,815	-	743,282	10.20%
2022	73,788	73,788	-	719,882	10.25%
2021	73,133	73,133	-	716,988	10.20%
2020	72,561	72,561	-	691,062	10.50%
2019	64,384	64,384	-	643,842	10.00%
2018	59,910	59,910	-	610,329	9.82%
2017	52,640	52,640	-	551,208	9.55%
2016	44,855	44,855	-	487,555	9.20%

* Date headers reflect both the reporting fiscal year and the measurement date

OTHER SUPPLEMENTARY INFORMATION

Kennebunk Sewer District
Schedules of Operating Expenses
For the Years Ended December 31,

	2025	2024
GENERAL AND ADMINISTRATION		
Salaries and Wages	$ 383,638	$ 371,406
Fringe Benefits	136,950	157,138
Insurance	94,113	78,335
Legal and Audit Fees	13,885	12,470
Contractual Services	58,757	65,256
Office Supplies	12,571	21,088
Postage	19,291	17,215
Travel and Trips to Seminars	9,727	13,054
Permits and Fees	8,137	8,527
Equipment Maintenance Contracts and Repairs	7,363	6,909
Bank Charges	160	120
Advertising	384	398
Dues and Subscriptions	5,273	4,004
Total General and Administration	750,249	755,920
PLANT MAINTENANCE AND OPERATION		
Utilities	254,172	252,863
Maintenance and Repairs	161,236	170,779
Chemical Supplies	124,083	106,925
Sludge Spreading and Analysis	282,651	247,570
General and Miscellaneous	59,731	76,684
Tools and Supplies	4,453	5,095
Telephone and Pagers	6,697	6,682
Uniforms	7,373	8,830
Safety Equipment and Training	11,688	9,112
Waste Disposal	3,950	4,944
Total Plant Maintenance and Operation	916,034	889,484
MAINTENANCE AND OPERATING PERSONNEL COSTS		
Salaries and Wages	879,724	730,493
Fringe Benefits	314,041	309,063
Total Maintenance and Operating Personnel Costs	1,193,765	1,039,556
VEHICLE MAINTENANCE AND OPERATION		
Fuel, Tires and Lubrication	13,143	12,476
Maintenance and Repairs	10,909	7,468
Total Vehicle Maintenance and Operation	24,052	19,944
DEPRECIATION EXPENSE	1,231,358	1,177,332
TOTAL OPERATING EXPENSES	$ 4,115,458	$ 3,882,236

Kennebunk Sewer District
Schedules of Investment Earnings
For the Years Ended December 31,

	2025	2024
INTEREST INCOME		
Internally Restricted Reserves:		
Impact Fees	$ 29,851	$ 31,829
Capital Reserves	18,936	29,498
Total	48,787	61,327
Operating Funds:		
Interest Income - Undesignated	200,361	186,762
Total Investment Earnings	$ 249,148	$ 248,089

Kennebunk Sewer District
Schedules of Cash and Investments
As of December 31,

		2025	2024
CURRENT ASSETS			
Cash and Cash Equivalents	**Bank**		
Change Fund		$ 100	$ 100
Petty Cash - Administration		100	100
Operating and Maintenance - Checking	Kennebunk Savings Bank	84,971	(5,561)
Operation and Maintenance - ICS Sweep	Kennebunk Savings Bank	1,820,090	1,820,273
Rate Stabilization Fund	Kennebunk Savings Bank	3,089,321	2,554,303
Total Current Assets - Cash and Cash Equivalents		4,994,582	4,369,215
RESTRICTED CASH - CAPITAL PROJECT (BAN PROCEEDS)			
2025 Bond Anticipation Note - Checking		(17,754)	-
2025 Bond Anticipation Note - ICS Sweep		10,931,914	-
		10,914,160	-
SPECIAL FUNDS - INTERNALLY RESTRICTED AND BOARD DESIGNATED			
Cash and Cash Equivalents	**Bank**		
Cash - Equity Buy in Fee	Kennebunk Savings Bank	975,163	999,432
Turnpike Zone - Impact Fees	Kennebunk Savings Bank	18,563	16,682
Capital Reserve	Kennebunk Savings Bank	561,375	813,055
2021 WWTP Improvement - ICS Sweep	Kennebunk Savings Bank	89	423,161
Total Special Funds - Cash and Cash Equivalents		1,555,190	2,252,330
TOTAL CASH AND INVESTMENTS		$ 17,463,932	$ 6,621,545

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APPENDIX B

PROPOSED FORM
OF
LEGAL OPINION

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PIERCE ATWOOD LLP

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South Portland, ME 04101-1110

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Upon issuance and delivery of the Notes described herein, Pierce Atwood, LLP, Portland, Maine, Bond Counsel, proposes to issue its opinion in substantially the following form:

[Dated date of delivery]

Kennebunk Sewer District
Kennebunk, Maine 04043

Re: Kennebunk Sewer District, Maine $19,250,000 2026 Sewer System Revenue Bond Anticipation Notes [dated]

Ladies and Gentlemen:

We have acted as bond counsel to the Kennebunk Sewer District (the "District") in connection with the issuance of the District's $19,250,000 aggregate principal amount of its above-described 2026 Sewer System Revenue Bond Anticipation Notes (the "Notes"). In such capacity, we have examined the law, including the provisions of Chapter 9 of the Private and Special Laws of Maine (2015), as amended, constituting the Charter of the District, and certain resolutions adopted by the Board of Trustees of the District at a meeting held on March 5, 2024 (the "Authorizing Votes") and all other authority thereto enabling, authorizing issuance of the Notes.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials without undertaking to verify such facts by independent investigations. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the originals of all documents submitted to us as copies.

We understand the Notes are dated [date], issued in the form of a single certificate, bearing interest at the rate of _____% per annum, and maturing [date]. The Notes are not subject to redemption prior to their stated date of maturity.

The Notes should be signed by the District Treasurer and the Chair of the District Board of Trustees and sealed with the seal of the District, attested by its Clerk, and should bear the signed certificate of the certifying agent identified thereon.

We note that the Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements regarding the amount, use, expenditure, and investment of the proceeds

of the Notes, the use of the improvement financed with the proceeds of the Notes, and timely payment of certain investment earnings to the U.S. Treasury that must be met on a continuing basis subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code.

In rendering the opinion set forth in paragraph 3 hereinbelow, we have examined and relied upon the Arbitrage and Use of Proceeds Certificate and the General Certificate of the Treasurer (collectively, the "Tax Certificates"), each dated [date] and delivered concurrently with the Notes, which Tax Certificates contain certain covenants, representations, certifications and provisions regarding compliance with the requirements of the Code. The District, in executing such Tax Certificates, (a) has set forth facts, estimates, circumstances and reasonable expectations of the District as of the date hereof as to future events regarding the amount, use, investment and expenditure of the proceeds of the Notes and the use of the improvements financed and refinanced with the proceeds of the Notes that are material for purposes of Section 141 and Section 148 of the Code, and (b) has certified that the information therein is true, accurate, correct and complete and that the District will comply with the covenants, representations, certifications and provisions set forth therein and with the requirements of the Code, and do and perform all acts and things necessary or desirable in order to assure that interest paid on the Notes is and will remain excludable from the gross income of the owners thereof, for federal income tax purposes. In rendering the opinions set forth in paragraph 3 hereinbelow, we have relied upon the representations, certifications, facts, estimates, circumstances and reasonable expectations of the District set forth in such Tax Certificates, and we have assumed that the District will comply with the requirements of the Code and with the covenants, representations, certifications and provisions set forth in such Tax Certificates. The District's failure to comply with such requirements may cause interest on the Notes to be included in the gross income of the owners thereof retroactive to the date of issuance of the Notes, regardless of when such noncompliance occurs.

We also note that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Notes should consult their own tax advisors as to applicability of any such collateral consequences.

With reference to the Notes, based upon the record of proceedings, materials and information discussed above and assuming no material change thereto, we are of the opinion that under existing law:

1. Under the Constitution and laws of the State of Maine, the District has been duly created and validly exists as a public sewerage district and a quasi-municipal corporation under the name of the Kennebunk Sewer District, with lawful power and authority to adopt the Authorizing Votes and to issue the Notes.

2. The Notes are in proper form, have been duly authorized and executed by the District, and subject to due authentication, and are valid and binding Sewer Revenue Bond Anticipation Notes of the District, enforceable in accordance with their terms, payable from the sewer rates, fees, entrance charges, assessments, rents and other lawful charges established by the District from the operation of its sewer system pursuant to

Section 20(1) of its Charter (the "Sewer Revenues"). Pursuant to Section 20(4) of the District's Charter, the Notes constitute a pledge of net revenues of the District for the prompt payment of associated debt service when due.

The Notes do not constitute a debt or liability of the State or the District of Kennebunk or a pledge of the faith and credit of the State or the District of Kennebunk, but the Notes are payable solely from the District's Sewer Revenues.

3. In reliance on and assuming compliance by the District with the Tax Certificates and the requirements of the Code, under existing law, interest payable on the Notes is excludable from the gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest is not a specific preference item under the Code for purposes of computing the alternative minimum tax; provided, however, that such interest will be taken into account in determining the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

4. The income from the Notes is free from taxation within the State of Maine pursuant to Section 20(8) of the District's Charter.

The foregoing opinions are qualified to the extent that the enforceability of the obligations of the Town, including the Bonds, is subject to and may be limited by bankruptcy, moratorium or insolvency or other laws affecting the rights and remedies of creditors generally and are subject to general principles of equity (regardless of whether the enforceability of such obligations is considered in a proceeding in equity or at law).

We have not examined and assume no responsibility for the financial condition of the Town and nothing set forth herein shall be construed as assurance as to the Town's financial condition or ability to make required debt service payments on the Bonds.

We have not been engaged to examine or review, and have not examined or reviewed, and are not passing upon and do not assume any responsibility for the completeness, accuracy or adequacy of, any statements made in any Preliminary Official Statement or Official Statement, or any other offering material, document or information relating to the Town or the Bonds prepared or provided by the Town with respect to the Bonds, and we express no opinion, advice or representation to any person with respect to the completeness, accuracy or adequacy of any statements made in any such Preliminary Official Statement or Official Statement, other offering material, document or information.

The opinions rendered herein are given and speak as of the date hereof. We have addressed only the laws of the United States and of the State of Maine referenced herein and the opinions stated herein are limited solely to the matters expressly set forth above. We assume no obligation to update, revise or supplement opinions rendered herein to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. No assurance can be given that future legislation or common law will not contain provisions or create precedent which could directly or indirectly affect the matters set forth herein.

Very truly yours,

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APPENDIX C

PROPOSED FORM
OF
CONTINUING DISCLOSURE AGREEMENT

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KENNEBUNK SEWER DISTRICT, MAINE
PROPOSED FORM OF
CONTINUING DISCLOSURE AGREEMENT

In connection with the issuance by Kennebunk Water District (the "Issuer") of its $_____,000 2026 Sewer System Revenue Bond Anticipation Notes, dated as of November ___, 2026 (the "Notes") and with reference to the continuing disclosure requirements of Rule 15c2-12 under the Securities and Exchange Act of 1934, as amended, and officially interpreted from time to time (the "Rule"), the Issuer hereby covenants under this Continuing Disclosure Agreement (the "Agreement") that it will engage in the undertakings described in Section 1, 2 and 3 herein for the benefit of the beneficial owners of the Notes, subject to the conditions and limitations specified herein. Under the Agreement, the Issuer is obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the MSRB (defined below). This information will be available from the MSRB via the Electronic Municipal Market Access ("EMMA") system at *www.emma.msrb.org*. The Issuer reserves the right to incorporate by reference its Official Statement dated _____ __, 2026 relating to the Notes (the "Official Statement"), which will be submitted to the MSRB, as hereinafter defined, at the time of delivery of the Notes, in any future disclosure provided hereunder.

In addition to the definitions set forth above in the undertaking, which apply to any capitalized term used in this Agreement unless otherwise defined, if used the following capitalized terms shall have the following meanings:

"Annual Financial Information" shall mean the financial information or operating data of the type included in the final Official Statement, provided at least annually by the Issuer pursuant to, and as described in, Sections 1 of this Agreement.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday or a Sunday or a day on which banks in Maine are authorized or required by law to close.

"Dissemination Agent" shall mean the Issuer or any Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12.

"Holders" shall mean the registered Holders of the Notes, as recorded in the registration books of the Registrar.

"Municipal Securities Rulemaking Board" or "MSRB" shall mean the Municipal Securities Rulemaking Board, established under the Securities and Exchange Act of 1934, as amended, or any successor thereto, with an address of 1300 I Street NW, Suite 1000, Washington, DC 20005.

"State" shall mean the State of Maine.

1. The Issuer will provide to the MSRB: (a) not later than 270 days after the end of each fiscal year, commencing with the fiscal year ending December 31, 2026 certain updated Annual Financial Information and operating data relating to the Issuer for the preceding fiscal year of the type presented in the Official Statement prepared in connection with the Notes under the headings "DISTRICT FINANCES," and "INDEBTEDNESS" in APPENDIX A to the Official Statement and such other

Annual Financial Information and operating data as may be required to comply with the Rule; and (b) the updated information discussed in clause (a) above will include audited financial statements, if the Issuer commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the Issuer will provide audited financial statements when and if such audited financial statements become available. Such filings, if not completed by the required time in clause (a) above, but if filed when available, will not be deemed to be a "late filing". Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX A to the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

The Issuer reserves the right to modify from time to time the specific types of information provided under clause (a) above or the format of the presentation of such information to reflect changed circumstances, provided that any such modification will be done in a manner consistent with the Rule.

2. The Issuer will provide in a timely manner, not in excess of ten (10) Business Days, after the occurrence of an event listed in this Section 2 to the MSRB through EMMA (in an electronic format as prescribed by the MSRB) notice of the occurrence of any of the following events with respect to the Notes.

(a) Certain events whether material or not material:

(1) Principal and interest payment delinquencies;
(2) Unscheduled draws on debt service reserves reflecting financial difficulties;
(3) Unscheduled draws on credit enhancements reflecting financial difficulties;
(4) Substitution of credit or liquidity providers, or their failure to perform;
(5) Adverse tax opinions or events affecting the tax-exempt status of the Notes, the issuance by the Internal Revenue Service of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
(6) Tender offers;
(7) Defeasances;
(8) Rating changes;
(9) Bankruptcy, insolvency, receivership or similar event of the Issuer (Note: For the purposes of the event identified in Section l, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.);or
(10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any Financial Obligation of the Issuer or obligated person, any of which reflect financial difficulties

(b) Certain events if material:

(1) Non-payment related defaults;
(2) Modifications to the rights of Holders of the Notes;
(3) Bond calls;
(4) The release, substitution, or sale of property securing repayment of the Notes;
(5) The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry

into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

(6) Appointment of a successor or additional trustee or the change of name of a trustee; and

(7) Incurrence of a Financial Obligation of the Issuer, or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer or obligated person, any of which affect security Holders, if material.

The Issuer from time to time may choose to provide notice of the occurrence of certain other events, in addition to those listed above, but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those listed above.

3. The Issuer will provide in a timely manner to the MSRB notice of a failure to satisfy the requirements of Section 1 herein.

4. The intent of the Issuer's undertaking in this Agreement is to provide on a continuing basis the information described in the Rule. The provisions of the Agreement may be amended by the Issuer without the consent of, or notice to, any Beneficial Owners of the Notes, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the Securities and Exchange Commission ("SEC") or its staff (whether required or optional), (b) to add a Dissemination Agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Issuer for the benefit of the Beneficial Owners of the Notes, (d) to modify the contents, presentation and format of the Annual Financial Information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Notes, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the Beneficial Owners of the Notes, as determined either by a party unaffiliated with the Issuer (such as bond counsel), or by the vote or consent of Beneficial Owners of a majority in outstanding principal amount of the Notes affected thereby at or prior to the time of such amendment.

Furthermore, the Issuer's obligations under this Agreement shall terminate upon the legal defeasance, prior redemption or payment of in full of all of the Notes or to the extent that the Rule, as in effect from time to time, no longer requires the issuers of municipal securities to provide all or any portion of the information the Issuer has agreed to provide pursuant to the Agreement, the obligation of the Issuer to provide such information also shall cease immediately.

5. The purpose of the Issuer's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the Beneficial Owners of the Notes, from time to time, to specifically enforce the Issuer's obligations hereunder, not to create new contractual or other rights for any Beneficial Owner of the Notes, any municipal securities broker or dealer, any potential purchaser of the Notes, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Issuer to comply with any provision herein shall be an action for the specific performance of the Issuer's obligations hereunder and not for money damages in any amount. Any failure by the Issuer to comply with any provision of this undertaking shall not constitute an event of default with respect to the Notes.

6. Except as disclosed in its Official Statement, the Issuer has never failed to comply in all material respects with any previous undertakings to provide Annual Financial Information or notices of material events in accordance with the Rule.

7. The Issuer's District Manager, or such official's designee from time to time, shall be the contact person on behalf of the Issuer from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is: Christopher Gallant, PE, District Manager, Kennebunk Sewer District, 71 Water Street, PO Box 648, Kennebunk, ME 04043 (207) 985-4741; *cgallant@ksdistrict.org*

KENNEBUNK SEWER DISTRICT, MAINE

By:_____
Wayne A. Brockway, Treasurer