

Highlights

Water Infrastructure Finance Authority of Arizona (Authority)

Performance Audit and Sunset Review

As of June 2026, the Authority provided more than \$2.3 billion in loans and more than \$243.3 million in grants for water related projects and had appropriately administered the Clean Water Revolving Fund, Drinking Water Revolving Fund, Water Supply Development Revolving Fund, and Water Conservation Grant Fund, but had not developed a consolidated and updated comprehensive water augmentation plan, risking that stakeholders could misunderstand the Long-term Water Augmentation program's status.

Audit purpose

To determine whether the Authority met its statutory objectives and purposes to administer the Clean Water Revolving Fund, Drinking Water Revolving Fund, Water Conservation Grant Fund, Water Supply Development Revolving Fund, and Long-Term Water Augmentation Fund (Augmentation Fund), and to respond to the 10 statutory sunset factors.¹

Key findings

- ▶ As of June 2026, the Authority had provided more than \$2.3 billion in loans for wastewater, sewer, stormwater, water reuse, drinking water infrastructure, and water supply development projects, such as a project intended to expand and improve water reclamation facilities, and awarded more than \$264.3 million in grants for water supply development, water use reduction/efficiency, and water reliability projects, such as a project to develop a regional wastewater collection and treatment system.
- ▶ Our review of a sample of Authority-administered loans and grants found that it appropriately administered the Clean Water Revolving Fund, Drinking Water Revolving Fund, Water Conservation Grant Fund, and Water Supply Development Revolving Fund.
- ▶ The Augmentation Fund was established to support water-importation projects for increasing the State's water supplies and as of August 2026, the Authority had advanced 7 imported-water concepts into feasibility evaluation but had not yet selected an imported-water project for final implementation.
- ▶ The Authority has not developed a consolidated and updated comprehensive water augmentation plan and instead its publicly available information on the water augmentation program is dispersed across its website and technical documents, is inconsistent, and does not explain the full path to water delivery, risking that stakeholders could misunderstand the program's status.

Key recommendations to the Authority

- ▶ Develop and obtain Board approval of a consolidated and updated comprehensive plan for the water augmentation program and post the plan to its website.
- ▶ Use the consolidated and updated comprehensive plan to publicly report progress to different audiences including the Legislature, general public, and other relevant stakeholders.

¹ Novum Advisory, PLLC conducted this performance audit and sunset review of the Water Infrastructure Finance Authority of Arizona on behalf of the Arizona Auditor General pursuant to an October 7, 2025, resolution of the Joint Legislative Audit Committee, as part of the sunset review process prescribed in Arizona Revised Statutes §41-2951 et seq.

