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*****PRESS RELEASE*****

State Auditor Otto Releases Analysis of Municipal Liquor Store Operations Report for 2006

~ Minnesota's municipal liquor operations reported an 11th consecutive year of record sales totaling \$281.2 million ~

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ST. PAUL (04/29/2008) – State Auditor Rebecca Otto released a report today that provides comparative data on municipal liquor operations owned and operated by Minnesota cities for calendar year 2006. In 2006, 220 Minnesota cities operated 248 municipal liquor stores, with 127 cities operating both on-sale and off-sale liquor establishments and 93 cities restricting their municipally-owned establishments to off-sale liquor stores. While the majority of municipally-owned liquor stores are located in Greater Minnesota, 20 cities within the Twin Cities Metropolitan area owned and operated liquor establishments.

The report's highlights include:

- The combined net profit of all municipal liquor operations totaled \$20.0 million in 2006. This represents an increase of \$1.3 million or 6.7 percent over the level generated in 2005.
- Forty-four Minnesota cities reported net losses for 2006, compared to fifty-two cities in 2005. Among the 44 cities with losses, 4 were Metropolitan area cities and 40 were from Greater Minnesota.
- During 2006, Minnesota's municipal liquor operations reported an 11th consecutive year of record sales totaling \$281.2 million. Total sales generated in 2006 increased by \$12.2 million or 4.5 percent over 2005.
- Minnesota's municipal liquor stores transferred \$16.4 million of their profits to other city funds in 2006. This represents a decrease of 8.1 percent from the total net transfers made in 2005. Transfers totaled \$6.3 million among Metropolitan area establishments compared to \$10.0 million for Greater Minnesota establishments.
- Due in part to the lack of profitability, insurance costs, and other concerns, the number of cities operating municipal liquor stores has steadily declined. There was a net decrease of seven stores between 2005 and 2006.

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“One of the primary purposes of this report is to provide data to city officials that will enable them to evaluate the efficiency of their liquor operations through comparisons to similarly situated liquor operations,” State Auditor Otto said. **“We encourage city officials and those who manage municipal liquor store operations to download the tables included in this report so they can compare their operation to similar operations. These comparisons can use geographic location, population, and financial indicators, such as total sales, to make comparisons more meaningful.”**

Minnesota municipalities were originally authorized to own and operate liquor establishments as a means of controlling the sale of alcohol. For many communities in Greater Minnesota, municipal liquor operations provide access and convenience in areas that might be unable to attract a privately-run establishment. In addition to these functions, profitable municipal liquor operations have provided additional revenues to supplement traditional tax and fee revenues.

For the complete report, which includes tables and graphs, go to http://www.auditor.state.mn.us/Reports/gid/2006/liquor/liquor_06_report.pdf.

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The Office of the State Auditor is a constitutional office that is charged with overseeing more than \$20 billion spent annually by local governments in Minnesota. The Office of the State Auditor does this by performing audits of local government financial statements, and by reviewing documents, data, reports, and complaints reported to the Office. The financial information collected from local governments is analyzed and is the basis of statutory reports issued by the Office of the State Auditor.

Rebecca Otto is Minnesota's 18th State Auditor. A high-resolution official photo is available for download at http://www.auditor.state.mn.us/images/otto_hires.jpg. To learn more about State Auditor Otto, see <http://www.auditor.state.mn.us/default.aspx?page=bio>.