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

State Auditor Otto Releases Municipal Liquor Store Report

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ST. PAUL (3/4/2010) – State Auditor Rebecca Otto today released the 2008 Analysis of Municipal Liquor Store Operations, which provides comparative data on municipal liquor operations owned and operated by Minnesota cities.

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.

In 2008, 214 Minnesota cities (two not reporting) operated 242 municipal liquor stores, with 120 cities operating both on-sale and off-sale liquor establishments and 92 cities restricting their municipally-owned establishments to off-sale liquor stores.

Highlights from the report include:

- During 2008, Minnesota's municipal liquor stores transferred \$17.8 million of their profits to other city funds. This represents an increase of 8.9 percent over the total net transfers made in 2007. Transfers totaled \$6.8 million among Metro Area establishments, compared to \$11.0 million for Greater Minnesota establishments.
- During 2008, Minnesota's municipal liquor operations reported a 13th consecutive year of record sales totaling \$303.0 million. Total sales generated in 2008 increased by \$11.3 million, or 3.9 percent, over 2007.
- The combined net profit of all municipal liquor operations totaled \$20.4 million in 2008. This represents a decrease of \$2.0 million, or 8.9 percent, from the amount generated in 2007. Among on-sale operations, net profits totaled \$1.9 million in 2008, which was a decrease of \$913,333, or 31.9 percent, from 2007. Total net profits for off-sale operations totaled \$18.5 million in 2008, which was a decrease of \$1.1 million, or 5.6 percent, from 2007.

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- Forty-two Minnesota cities reported net losses for 2008, compared to 31 cities in 2007. All 42 cities with losses were from Greater Minnesota.
- Over the past five years, net profits have increased 9.9 percent. Among off-sale stores, there was a 23.5 percent increase in net profits, while on-sale stores showed a decrease of 46.3 percent.

To view the complete report, which includes an Executive Summary, tables, and graphs go to:

http://www.auditor.state.mn.us/Reports/gid/2008/liquor/liquor_08_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>.