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# STATE OF MINNESOTA

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### **\*\*\*PRESS RELEASE\*\*\***

## **State Auditor Otto Releases Municipal Liquor Store Report**

*~2007 is the 12th consecutive year of record sales, totaling \$291.7 million ~*

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**ST. PAUL (02/24/2009)** – State Auditor Rebecca Otto today released the 2007 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 2007, 214 Minnesota cities operated 244 municipal liquor stores, with 120 cities operating both on-sale and off-sale liquor establishments and 94 cities restricting their municipally-owned establishments to off-sale liquor stores.

Highlights from the report include:

- During 2007, Minnesota's municipal liquor operations reported a 12th consecutive year of record sales totaling \$291.7 million. Total sales generated in 2007 increased by \$10.4 million, or 3.7 percent, over 2006.
- The combined net profit of all municipal liquor operations totaled \$22.4 million in 2007. This represents an increase of \$2.4 million, or 11.8 percent, over the level generated in 2006.
- Over the past five years, net profits have increased 16.7 percent. Among off-sale stores, there was a 31.5 percent increase in net profits, while on-sale stores showed a decrease of 34.1 percent.

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- Minnesota's municipal liquor stores transferred \$16.3 million of their profits to other city funds. This represents a decrease of 0.3 percent from the total net transfers made in 2006. Transfers totaled \$6.0 million among Twin Cities Metropolitan Area establishments, compared to \$10.3 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 two stores between 2006 and 2007.

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

**[http://www.auditor.state.mn.us/Reports/gid/2007/liquor/liquor\\_07\\_report.pdf](http://www.auditor.state.mn.us/Reports/gid/2007/liquor/liquor_07_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 18<sup>th</sup> State Auditor. A high-resolution official photo is available for download at [http://www.auditor.state.mn.us/images/otto\\_hires.jpg](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>