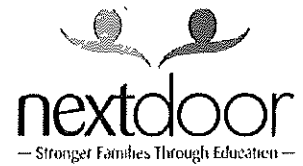


# Next Door Charter School

Compliance Audit

School Year Ended June 30, 2023



**WIPFLI**

# Next Door Charter School

Compliance Audit  
School Year Ended June 30, 2023

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## **Independent Accountant's Report**

Board of Directors  
Milwaukee Public Schools

School Governance Council  
Board of Directors  
Next Door Charter School

We have examined management's assertion that Next Door Charter School complied with all contractual requirements as listed in the accompanying representation letter dated March 28, 2024, during the school year ended June 30, 2022. As discussed in that representation letter, management is responsible for Next Door Charter School's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about Next Door Charter School's compliance based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and Milwaukee Public School's Minimum Audit Procedures and, accordingly, included examining, on a test basis, evidence about Next Door Charter School's compliance with those requirements and performing other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Next Door Charter School's compliance with the specified contract requirements.

In our opinion, management's assertion that Next Door Charter School complied with the aforementioned requirements for the school year ended June 30, 2023, is fairly stated in all material respects, except for one deviation disclosed in the administrative and fiscal performance section of this report.

*Wipfli LLP*

Wipfli LLP

March 29, 2024  
Green Bay, Wisconsin

# Next Door Charter School

## Background

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The Wisconsin Charter School Law, Statute 118.40, authorizes the Milwaukee Board of School Directors (the “Board”) to establish by contract Milwaukee Public Schools (MPS) instrumentality and non-instrumentality charter schools. A charter school, as defined by the Statute or Board Policy, is a public school created by contract that shall (a) be exempt from the provisions of Chapters 115 to 121 of the Wisconsin Statutes, except as otherwise explicitly provided; (b) be nonsectarian in its programs, admission policies, employment practices, and all other operations; (c) be free from tuition and without mandatory fees, unless such fees are consistent with MPS’s policies; (d) not discriminate in admission or deny participation in any program or activity; (e) enroll students in the school on a purely voluntary basis; (f) give preference in admission to any pupil who resides within Next Door Charter School’s attendance area; and (g) administer, at a minimum, the same proficiency and performance measures and assessments that are applied to other MPS schools. State Statute 118.40 also defines a non-instrumentality charter school as a charter school in which the personnel are not employed by the school district.

On August 26, 2004, the Board granted the petition of Next Door Foundation, Inc. for Next Door Charter School (NDCS) to operate as a Grade K4 through K5 non-instrumentality charter school. The current contract, approved by the Board in May 2021, includes the school year 2022-2023.

State Statutes require that a charter school must annually have a programmatic audit performed. To comply with the State Statute, NDCS engaged Wipfli LLP to conduct a compliance audit.

# Next Door Charter School

## Scope and Objective

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The objective of this compliance audit was to determine the extent to which NDCS complied with the administrative and fiscal provisions set forth in the charter school contract between NDCS and MPS. The scope of the audit was for the 2022-2023 school year and included examining, on a test basis, compliance with the provisions of the contract and performing other procedures we considered necessary. Specific contract provisions examined included, but were not limited to, governance council membership and activities, methods of instruction and educational programs, parent involvement, student disciplinary and admission policies, special education, budgeting, staff licensing, health and safety, financial management, audit, and grant requirements. In addition, the internal controls used at NDCS were reviewed to determine whether the controls were established to ensure compliance with the administrative and fiscal provisions of the contract.

# Next Door Charter School

## Administrative and Fiscal Performance

### Contract Compliance Conclusion

The examination of NDCS’s compliance with the provisions of the contract dated June 30, 2016, between MPS and NDCS for the 2022-2023 school year disclosed one instance of material noncompliance with the provisions of the contract. NDCS was found to be noncompliant with contract provisions that require compliance with the Board’s immunization requirements.

Our examination also included a review of the internal controls designed to ensure compliance with the provisions of the contract and our consideration of potential fraud conditions. Except for the deficiency in internal controls that contributed to the noncompliant issue noted above, we noted no matters involving internal control over compliance that would be considered material in relation to contract compliance, nor did we identify any conditions of potential fraud.

In our opinion, except for the material noncompliance issue described in the first paragraph, NDCS has complied, in all material respects, with the provisions of the contract for the 2022-2023 school year.

The table below reports the detailed results of our examination of NDCS’s compliance with the various provisions of the contract. Specific details, including recommendations for the area where compliance was not noted, are presented in the report section following the table.

<b>Summary Schedule of Contract Compliance and Performance</b>				
<b>Contract Section</b>	<b>Contract Provision</b>	<b>Level of Compliance</b>		
		<b>Compliant</b>	<b>Noncompliant</b>	
			<b>Material</b>	<b>Nonmaterial</b>
I.B.	Ensure person in charge of school is the same as contract.	X		
I.C.	Adhere to the educational program described in the petition.	X		
I.D.	Adhere to the methods of instruction described in the petition.	X		
I.E.	Administer the district-wide performance assessments	X		
	Ensure all pupils participated in the district-wide assessments.	X		
	Report the results of the mandated assessment.	X		
I.F.	Comply with contract provisions for tax exempt status, articles of incorporation, and bylaws.	X		
	Comply with the governance structure membership as described in the petition.	X		
	Comply with the governance body authority and activities as described in the petition.	X		
	Employ methods described in Appendix A to ensure parental involvement.	X		
	Comply with Title I requirements concerning: - Educational plan requirements	X		

# Next Door Charter School

## Administrative and Fiscal Performance

Summary Schedule of Contract Compliance and Performance				
Contract Section	Contract Provision	Level of Compliance		
		Compliant	Noncompliant	
			Material	Nonmaterial
1.G.	Ensure all instructional staff hold a current and appropriate license or permit to teach.	X		
	Adhere to MPS Administrative Policy 3.09(7) (a) regarding livable wage.	X		
1.H.	Comply with the Board's policies and local, state, and federal laws, regulations, and codes that pertain to health and safety, specifically: - Immunization requirements		X	
1.I.	Comply with the contract regarding racial and ethnic balance.	X		
1.J.	Comply with the Board's policies and guidelines for pupil's admission and confidentiality of pupil records.	X		
	Comply with the contract requirement to maintain a pupil database.	X		
	Comply with the contract regarding all of the requirements of IDEA.	X		
1.K.	Submit a budget in MPS approved format by April 30.	X		
	Expend and account for funds in a manner consistent with the provisions of the contract and the annual operating budget.	X		
	Submit budget amendments within 30 days of approval.	X		
	Mutual agreement for expenditures deviating 10% or more in any budgeted category.	X		
	Adhere to anticipated revenue shortfall requirements.	X		
	Adhere to contract long-term debt requirements.	X*		
	Submit in odd number years an auditor's opinion relating to pupil eligibility composition.	X		
	Immediately report all pending or threatened litigation. There was none in the current year, so this requirement is not applicable.	X		
	File a mid-year unaudited balance sheet and revenue/expense statement in MPS approved format by January 31, covering the period July 1 through December 31.	X		
	Submit an annual performance audit within 15 days of receipt.	X		
	Submit an annual financial audit within 15 days of receipt.	X		
	Submit management letter, if applicable, within 15 days of receipt.	X		
1.L.	Comply with MPS disciplinary and expulsion guidelines or comply with disciplinary guidelines approved by the Board.	X		

# Next Door Charter School

## Administrative and Fiscal Performance

Summary Schedule of Contract Compliance and Performance				
Contract Section	Contract Provision	Level of Compliance		
		Compliant	Noncompliant	
			Material	Nonmaterial
I.N.	Adhere to the Board's policy regarding:			
	- School facilities	X		
	- Types and limits of liability insurance	X		
I.P.	Adhere to nonsectarian requirements.	X		
I.Q.	Adhere to no tuition charge requirement.	X		
	Do not prohibit an eligible pupil from attending the Charter School, expel or otherwise discipline the pupil, or withhold or reduce the pupil's grades because the pupil or pupil's family cannot pay or has not paid fees that are permissible to be charged.	X		
I.R.	Adhere to non-discrimination policy	X		
I.S.	Adhere to the Board's policy concerning background checks performed on all full- and part-time employees and volunteers.	X		
I.T.	Notify the Contracted Schools Services of correspondence received from the United States Department of Education, the United States Department of Justice, or the Department of Public Instruction that requires a formal response.	X		
I.U.	Operate for the days and hours indicated on the calendar for the school year. Provide the Contracted Schools Services with a school year calendar indicating days and hours of operation within 30 days of MPS calendar adoption for the subsequent school year.	X		
I.X.	Comply with MPS's transportation policy or comply with the transportation policy that was approved by the Board.	X		
	Comply with MPS's nutrition services policy or comply with the nutrition services policy that was approved by the Board.	X		
I.Z.	Participate in staff development opportunities provided by MPS pertaining to the Individuals With Disabilities Act (IDEA), 20 U.S.C. §794, and the Asbestos Hazard Emergency Response Act (AHERA), 15 U.S.C. §2641 et seq.	X		

\*Next Door Foundation, Inc. did hold debt in the fiscal year ended June 30, 2023. However, the Charter School did not, and Next Door Foundation, Inc. does not utilize MPS funding to pay principal and interest obligations. The allocation of occupancy costs to the Charter School is based on square footage occupancy and this methodology has not changed as a result of the debt issuance.



# Next Door Charter School

## Charter School's Responses to Recommendations

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### **Finding #1**

#### **Condition**

NDCS's records indicated that 77% (135 children of the 176 children) of the students' immunizations were up to date.

#### **Criteria**

To ensure NDCS is in compliance with Section 1.H., NDCS must comply with the Board's policies and local, state, and federal laws, regulations, and codes that pertain to health and safety, specifically immunization requirements. The Board's policy on immunization requirements is that 100% of the students' immunizations are up to date.

#### **Cause**

As NDCS records indicated that 77% percent of the students were immunized, they did not meet the required 100%.

#### **Effect**

NDCS is not in compliance with the requirement.

#### **Recommendation**

To ensure NDCS is in compliance with contract Section 1.H., it is recommended that NDCS see that all enrolled students obtain the necessary immunizations.

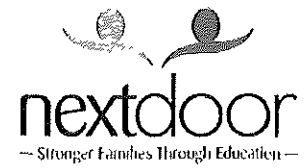
#### **Charter School Response**

NDCS will develop a plan including defined collaboration between Family Advocate Specialist and Health Services Specialist that support Charter students. NDCS will be increasing efforts to obtain health documentation, including physicals and immunization records at the start of the school year.

# Next Door Charter School

Performance Audit

School Year Ended June 30, 2023



# Next Door Charter School

Performance Audit  
School Year Ended June 30, 2023

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## Independent Accountant's Report

Board of Directors  
Milwaukee Public Schools

School Governance Council  
Board of Directors  
Next Door Charter School

We have examined management's assertion that Next Door Charter School's academic achievement and program results reported in the accompanying Report on Academic Performance for the year ended June 30, 2023, are accurate, valid, and representative of all Next Door Charter School's students and that Next Door Charter School did not attain at least 75% of the applicable performance criteria. Next Door Charter School's Report on Academic Performance for the year ended June 30, 2023, is the responsibility of Next Door Charter School's management. Our responsibility is to express an opinion on management's assertion about Next Door Charter School's performance results based on our examination.

Our examination was made in accordance with the attestation standards established by the American Institute of Certified Public Accountants and Milwaukee Public School's Minimum Audit Requirements and, accordingly, included examining, on a test basis, evidence about Next Door Charter School's performance results and performing other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Next Door Charter School's performance results.

In our opinion, management's assertions that (1) Next Door Charter School's performance results reported in the Report on Academic Performance for the year ended June 30, 2023, are accurate, valid, and representative of all students at Next Door Charter School, and (2) Next Door Charter School did not attain at least 75% of the applicable performance criteria, are fairly presented in all material respects.

*Wipfli LLP*

Wipfli LLP

March 29, 2024  
Green Bay, Wisconsin

# Next Door Charter School

## Background

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The Wisconsin Charter School Law, Statute 118.40, authorizes the Milwaukee Board of School Directors (the "Board") to establish by contract Milwaukee Public Schools (MPS) instrumentality and non-instrumentality charter schools. A charter school, as defined by the Statute or Board Policy, is a public school created by contract that shall (a) be exempt from the provisions of Chapters 115 to 121 of the Wisconsin Statutes, except as otherwise explicitly provided; (b) be nonsectarian in its programs, admission policies, employment practices, and all other operations; (c) be free from tuition and without mandatory fees, unless such fees are consistent with MPS's policies; (d) not discriminate in admission or deny participation in any program or activity; (e) enroll students in the school on a purely voluntary basis; (f) give preference in admission to any pupil who resides within Next Door Charter School's attendance area; and (g) administer, at a minimum, the same proficiency and performance measures and assessments that are applied to other MPS schools. State Statute 118.40 also defines a non-instrumentality charter school as a charter school in which the personnel are not employed by the school district.

On August 26, 2004, the Board granted the petition of Next Door Foundation, Inc. for Next Door Charter School (NDCS) to operate as a Grade K4 through K5 non-instrumentality charter school. The current contract, approved by the Board in May 2021, includes the school year 2022-2023.

State Statutes require that a charter school must annually have a performance audit performed. To comply with the State Statute, NDCS engaged Wipfli LLP to conduct a performance audit.

# Next Door Charter School

## Scope and Objective

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The objective of this performance audit was to determine the extent to which NDCS achieved the academic performance criteria set forth in the charter school contract between NDCS and MPS. Performance was assessed according to MPS's performance criteria. The scope of the audit was the 2022-2023 school year and included examining, on a test basis, evidence about the reported performance results with the provisions of the contract and performing other procedures we considered necessary. In addition, the internal controls used at NDCS were reviewed to determine whether the controls were established to ensure the integrity of reported student data.

# Next Door Charter School

## Academic Performance

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According to the charter contract, schools are required to (1) demonstrate sufficient progress toward attaining the educational goals under Section 118.01, or the academic performance criteria established by the Board, by achieving at least 75% of the applicable performance criteria, and (2) achieve all the other applicable criteria. NDCS administered the required examinations.

### Criteria 1

Achieve a percentage of pupils in Charter School scoring at or above readiness on the District’s early literacy reading assessment that is the same as, or higher than, the percentage of pupils scoring at or above readiness in five-year-old kindergarten in all MPS schools.

**Table 1**  
2022-2023 Early Literacy Rate

Year	Total Tested	Number at or above Readiness	School Rate	District Rate	Met Goal	Source
2022-2023	49	All students were at or above age level in 3 of 4 skills	75.0%	75.0%	YES	MPS Data Extract

### Criteria 2

At least 85 percent of K5 pupils will be proficient or above in mathematics, as measured by a mathematics rubric aligned to the Wisconsin Academic Standards.

**Table 2**  
2022-2023 K-5 Mathematics

Year	Total Tested	Number at or above Readiness	School Rate	District Rate	Met Goal	Source
2022-2023	45	35	78.0%	N/A	N/A	Local Data

### Criteria 3

Achieve an average daily attendance rate of pupils in Charter School that is the same as, or higher than, the average daily attendance of pupils in corresponding grades in all MPS schools.

**Table 3**  
2022-2023 Attendance

Year	School Rate	District Result	Met Goal	Source
2022-2023	82.4%	85.5%	NO	MPS Dashboard

# Next Door Charter School

## Academic Performance

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### Criteria 4

Achieve a mobility rate of pupils in Charter School (registered as of the September Third Friday Count) that is the same as, or lower than, the mobility rate of pupils in corresponding grades in all MPS schools.

**Table 4**  
**2022-2023 Mobility**

<b>Year</b>	<b>School Rate</b>	<b>District Result</b>	<b>Met Goal</b>	<b>Source</b>
2022-2023	11.9%	15.0%	YES	MPS Dashboard