Is There Such a Thing as "Roof Reserves"?



by Robert M. Nordlund, PE, RS
CEO/Founder
Association Reserves, Inc.

October 2026

www.reservestudy.com

This question came up in our recent Reserve Studies "under the hood" webinar, designed to provide a general introduction to what a Reserve Study is, and what useful and valuable information you'll find in a Reserve Study. Unfortunately, it was a specific question that was out of context of what I was addressing in the webinar. Even so, it was a good question, so I'll answer it here.

The Component ("Straight Line") method of funding Reserves is based on summing together individual pieces… summing together the individual Reserve funding requirements for each component. So, the total budgeted Reserve transfer, and total Reserve Fund itself, can then be broken back down into those individual pieces (if one wishes). One could in that case identify "Roof Reserves" if the Reserve Study was prepared based on the Component ("Straight Line" method.

On the other hand, in a "Cash Flow" (or "Pooled") Reserve Funding methodology there is no such thing as funding related to an individual component. By extension, there is no such thing as a portion of the total Reserve Fund dedicated towards any particular component. This is because in such a methodology, total income to Reserves is balanced against annual total expenditures from Reserves with no concern if that annual expenditure was one or 50 projects. In such an analysis, Reserve cash flow is blind to individual projects. Unrestricting the cash in this manner is the most efficient use of Reserve Funds, allowing them to "flow" from one component to another as needed, which is one of the advantages of the Cash Flow method. The Cash Flow method is not inherently more or less risky than the Straight Line method. It is just different. Thus, in a Reserve Study prepared by the Cash Flow method, there is no such thing as "Roof Reserves" or "Asphalt Reserves", as the Reserve cash simply goes where it needs to go. It is not designated towards a specific project.

So, an answer to the question depends on the methodology used in preparing the analysis. But let me suggest that the answer doesn't matter. Even when using the straight line method, it is

common that the Reserve Study professional, or the software used by the preparer, will annually re-allocate or re-balance both the existing funds allocated towards a component, and the funding from that point forward. If it is found that the Roof project will be more expensive than anticipated, it is typical that funds will be re-allocated towards roofing from other components. This is what the "Cash Flow" method does automatically on an ongoing basis.

So the amount in the "Roof Reserves" shouldn't matter. What matters is if the Funding Plan provides for the timely repair and replacement of scheduled Reserve projects. Focus on the big picture, not on numbers that are regularly reallocated from year to year!