

# REQUIRED SUPPLEMENTARY INFORMATION

(UNAUDITED)

## PENSION PLAN

Changes in the net pension liability for the year ended June 30, 2017 are summarized as follows (in thousands):

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance, beginning of year	\$ 96,414	\$ 67,236	\$ 29,178
Interest cost	4,482		4,482
Changes in assumptions	(24,906)		(24,906)
Differences between expected and actual plan experience	2,067		2,067
Benefit payments	(4,089)	(4,089)	-
Contributions from the employer		2,903	(2,903)
Net investment income:			
Expected investment earnings		3,166	(3,166)
Difference between expected and actual earnings		1,316	(1,316)
Balance, end of year	\$ 73,968	\$ 70,532	\$ 3,436

The plan fiduciary net position as a percentage of the total pension liability was 95 percent and 70 percent at June 30, 2017 and July 1, 2016, respectively.

Employer contributions in relation to actuarially determined contributions for the year ended June 30, 2017 are as follows (in thousands):

Employer contributions*	\$ 2,171
Actuarially determined contributions	1,754
Excess contributions	\$ 417

\* Reflects no employer contributions after April 30, 2017

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## PENSION PLAN, CONTINUED

Significant methods and assumptions used to calculate the actuarially determined contributions are as follows:

<i>Actuarially determined contributions</i>	The plan is subject to funding requirements under the provisions of ERISA and the Pension Protection Act of 2006 (including MAP-21). The actuarially determined contributions represent the IRC Section 430 minimum required contributions.
<i>Contributions in relation to actuarially determined contributions</i>	Under IRC Section 430, the due date to pay minimum required contributions for the plan year is generally 8 ½ months after the end of the plan year. For the plan year ended September 30, 2016, contributions are due by June 15, 2017.
<i>Actuarial cost method</i>	Unit Credit method
<i>Asset valuation method</i>	24-month smoothed value of assets
<i>Interest rate</i>	First segment rate: 4.43%; Second segment rate: 5.91%; Third segment rate: 6.65%; Effective rate: 6.13%
<i>Mortality</i>	Prescribed by the Secretary of Treasury and described in Treasury regulation 1.430(h)(3)-1. Based on the RP-2000 sex distinct table that reflects projected mortality improvements 15 years into the future from the valuation date for non annuitants and 7 years into the future for annuitants.

## POSTEMPLOYMENT BENEFITS

The historical reconciliation of the total reported liability for postemployment benefits obligations for the year ended June 30, 2017 is summarized as follows (amounts in thousands):

Service cost	\$ 122,073
Interest cost	108,561
Changes in assumptions	255,041
Differences between expected and actual plan experience	14,028
Benefit payments	(72,302)
<u>Net changes</u>	<u>\$ 427,401</u>
Total liability, beginning of year	\$ 2,770,926
Total liability, end of year	\$ 3,198,327
Covered employee payroll	\$ 3,568,918
Total liability as a percentage of covered employee payroll	90%

Discount rates used in determining the total reported liability for postemployment benefits obligations were 2.85 percent and 3.80 percent at June 30 2017 and 2016, respectively.