

DONALDSON CO INC
Form 11-K
June 26, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR
THE FISCAL YEAR ENDED DECEMBER 31, 2016 or

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission file number 1-7891

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

DONALDSON COMPANY, INC.
RETIREMENT SAVINGS AND
EMPLOYEE STOCK OWNERSHIP PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

DONALDSON COMPANY, INC.
1400 WEST 94TH STREET
MINNEAPOLIS, MINNESOTA 55431

Donaldson Company, Inc.
Retirement Savings and Employee Stock Ownership Plan
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Exhibit: Consent of Independent Registered Public Accounting Firm

Other schedules required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Note: Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Investment Committee and Administrator of
Donaldson Company, Inc. Retirement Savings and Employee Stock Ownership Plan
Minneapolis, Minnesota

We have audited the accompanying statements of net assets available for benefits of Donaldson Company, Inc. Retirement Savings and Employee Stock Ownership Plan (the "Plan") as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2016 and 2015, and the changes in net assets available for benefits for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

The supplemental information in the accompanying schedules of (1) Schedule H, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2016 and (2) Schedule H, line 4j - Schedule of Reportable Transactions for the year ended December 31, 2016 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental information is presented for the purpose of additional analysis and is not a required part of the financial statements, but includes supplemental information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental information is the responsibility of the Plan's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming our opinion on the supplemental information in the accompanying schedules, we evaluated whether the supplemental information, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental information in the accompanying schedules is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Baker Tilly Virchow Krause, LLP
Minneapolis, Minnesota
June 26, 2017

Donaldson Company, Inc.
 Retirement Savings and Employee Stock Ownership Plan
 Statements of Net Assets Available for Benefits

	As of December 31,	
	2016	2015
Assets:		
Investments, at fair value	\$537,695,316	\$480,257,307
Fully benefit responsive investment contract, at contract value	29,367,368	30,889,684
Employer contributions receivable	3,181,804	1,240,835
Notes receivable from participants	4,920,342	5,280,723
Total assets	575,164,830	517,668,549
Net assets available for benefits	\$575,164,830	\$517,668,549

See notes to financial statements

Donaldson Company, Inc.
 Retirement Savings and Employee Stock Ownership Plan
 Statement of Changes in Net Assets Available for Benefits

	Year Ended December 31, 2016
Investment income:	
Net appreciation of the fair value of investments	\$91,931,167
Interest and dividend income	9,887,962
	101,819,129
Interest income on notes receivable from participants	215,708
Contributions:	
Employer	9,932,497
Participants	15,639,591
Rollovers	753,758
	26,325,846
Total additions	128,360,683
Deductions:	
Benefits paid to participants	(70,849,152)
Administrative expenses	(15,250)
Total deductions	(70,864,402)
Net increase in net assets available for benefits	57,496,281
Net assets available for benefits, beginning of year	517,668,549
Net assets available for benefits, end of year	\$575,164,830

See notes to financial statements

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February 15, 2013, and
Cresco, Iowa employees
hired after June 26, 2015
covered by three collective
bargaining agreements
Total employer contributions

is not contributing, 100% is service
allocated to the age
appropriate JPMCB Smart
Retirement Fund)

\$ 9,932,497

amount participants would receive if they were to initiate permitted transactions under the terms of the Plan.

Investment Earnings Investment income is recorded as earned. Dividend income is recorded on the ex-dividend date. The Plan presents the net appreciation or depreciation in the fair value of its investments in the Statement of Changes in Net Assets Available for Benefits. Net appreciation or depreciation consists of the realized gains or losses and the unrealized appreciation or depreciation on those investments.

Notes Receivable from Participants Notes receivable from participants are measured at their unpaid principal balance, plus any accrued but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Delinquent notes receivable from participants are reclassified as distributions based upon the terms of the Plan document.

Fidelity Contrafund K

65,765,529 72,890,235

*Indicates a party-in-interest investment

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The Company reviews the fair value hierarchy classification on an annual basis. Changes in the ability to observe valuation inputs may result in a transfer between levels for certain securities within the fair value hierarchy. The Plan's policy is to recognize transfers into and out of levels within the fair value hierarchy at the end of the fiscal year in which the actual event or change in circumstances that caused the transfer occurs. There were no transfers between Level 1, Level 2, or Level 3 resulting from changes in valuation inputs or methods during the years ended December 31, 2016 or 2015. The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while

	As of December 31,	
	2016	2015
Rate of return on investments underlying the contract*	2.01 %	1.97 %
Based on interest rate credited to participants**	1.58 %	1.52 %

*Computed by dividing the annualized one-day actual earnings of the contract on the last day of the Plan year by the fair value of the investments on the same date.

**Computed by dividing the annualized one-day earnings credited to participants on the last day of the Plan year by the fair value of the investments on the same date.

As of December 31, 2016, the Plan had no unfunded commitments related to the investment contract. Redemptions made in order to accommodate a participant-directed exchange to another investment option may be made on any business day, provided that the exchange is not directed into a competing fund (money market funds or certain other types of fixed income funds). Transferred amounts must be held in a non-competing investment option for 90 days before subsequent transfers to a competing fund can occur, and may be subject to certain redemption fees.

Note 9. Subsequent Events

The Company has evaluated subsequent events through the date that the financial statements were issued, for events requiring recording or disclosure in the Plan's financial statements.

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Vanguard Inflation Protected Fund			
JP Morgan Smart Retirement 2055	Common/Collective Trust, 133,618 units of participation	**	2,338,324
JP Morgan Smart Retirement Income	Common/Collective Trust, 84,819 units of participation	**	2,270,598
* Fidelity Retirement Government II	Money Market, 5,070 units of participation	**	5,070
			\$571,983,026

* Denotes party-in-interest.

** Historical cost information is omitted as it is not required by the Department of Labor under the instructions to the Form 5500 for participant-directed accounts.

Donaldson Company, Inc.
Retirement Savings and Employee Stock Ownership Plan
Schedule H, line 4j — Schedule of Reportable Transactions
For the Year Ended December 31, 2016
EIN 41-0222640
Plan Number 007

Identity of Party Involved	Description of Assets	Selling Price	Cost of Asset	Net Gain
DCI	Donaldson Company, Inc. Common Stock Fund	\$26,196,480	\$8,062,740	\$18,133,740

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

DONALDSON COMPANY, INC.
RETIREMENT SAVINGS AND EMPLOYEE
STOCK
OWNERSHIP PLAN
(Name of Plan)

Date June 26, 2017 By: Donaldson Company, Inc., the Plan Administrator

By: /s/ Scott J. Robinson
Scott J. Robinson
Vice President, Chief Financial Officer