

CSB BANCORP INC /OH  
Form 11-K  
June 29, 2011  
Table of Contents

**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, 2010

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 0-21714

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

**The Commercial & Savings Bank**

**401(k) Retirement Plan**

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

**CSB Bancorp, Inc.**

**91 North Clay Street**

**Millersburg, Ohio 44654**

**Table of Contents**

**REQUIRED INFORMATION**

1. Audited Financial Statements and Supplemental Schedule of The Commercial & Savings Bank 401(k) Retirement Plan Including: The Report of Independent Registered Public Accounting Firm: Statements of Net Assets Available for Benefits as of December 31, 2010 and 2009; and Statement of Changes in Net Assets Available for Benefits for the year ended December 31, 2010 and 2009.

2. Exhibit 23  
Consent of Independent Registered Public Accounting Firm S.R.Snodgrass, A.C.

**Table of Contents**

THE COMMERCIAL & SAVINGS BANK

401(k) RETIREMENT PLAN

MILLERSBURG, OHIO

AUDIT REPORT

DECEMBER 31, 2010

**Table of Contents**

THE COMMERCIAL & SAVINGS BANK

401(k) RETIREMENT PLAN

DECEMBER 31, 2010

|  | Page<br>Number |
|--|----------------|
| <u>Report of Independent Registered Public Accounting Firm</u>   | 5              |
| <u>Statement of Net Assets Available for Benefits</u>            | 6              |
| <u>Statement of Changes in Net Assets Available for Benefits</u> | 7              |
| <u>Notes to Financial Statements</u>                             | 8 - 14         |
| Supplemental Information   | 14             |

**Table of Contents**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Trustees of The Commercial & Savings Bank 401(k) Retirement Plan

Millersburg, Ohio

We have audited the accompanying statement of net assets available for benefits of The Commercial & Savings Bank 401(k) Retirement Plan (the Plan ) as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the years then ended. 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 Commercial & Savings Bank 401(k) Retirement Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2010, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the United States Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ S.R. Snodgrass, A.C.  
Wexford, PA  
June 28, 2011

**Table of Contents**

THE COMMERCIAL & SAVINGS BANK

401(k) RETIREMENT PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

|  | December 31, |              |
|--|--------------|--------------|
|  | 2010         | 2009         |
| <b>ASSETS</b>                          |              |              |
| Mutual funds                           | \$ 3,868,053 | \$ 3,095,161 |
| Common stock                           | 949,178      | 756,781      |
| Total Participant-directed investments | 4,817,231    | 3,851,942    |
| Employer profit sharing contributions  | 129,068      | 133,852      |
| Participant loans                      | 23,751       | 6,646        |
| Cash and cash equivalents              | 1,421,016    | 1,186,010    |
| Total assets available for benefits    | 6,391,066    | 5,178,450    |
| <b>LIABILITIES</b>                     |              |              |
| Benefits payable                       | 1,061        | 9,200        |
| Net assets available for benefits      | \$ 6,390,005 | \$ 5,169,250 |

The accompanying notes are an integral part of these financial statements.

**Table of Contents**

THE COMMERCIAL & SAVINGS BANK

401(K) RETIREMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31,

|   | 2010                | 2009                |
|---|---------------------|---------------------|
| <b>ADDITIONS IN NET ASSETS ATTRIBUTED TO:</b>   |                     |                     |
| <b>INVESTMENT INCOME:</b>   |                     |                     |
| Net appreciation in fair value of investments   | \$ 377,273          | \$ 540,073          |
| Interest and dividends, including \$37,620 and \$34,281 of dividends from CSB Bancorp, Inc., common stock | 109,921             | 99,893              |
| <b>Total investment income</b>  | <b>487,194</b>      | <b>639,966</b>      |
| Employee deferral   | 339,848             | 329,162             |
| Rollover contributions  | 393,107             | 26,011              |
| Employer contributions  | 221,931             | 225,543             |
| <b>Total contributions</b>  | <b>954,886</b>      | <b>580,716</b>      |
| <b>Total additions</b>  | <b>1,442,080</b>    | <b>1,220,682</b>    |
| <b>DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:</b>  |                     |                     |
| Benefits paid directly to participants  | 221,325             | 65,945              |
| <b>Total deductions</b>   | <b>221,325</b>      | <b>65,945</b>       |
| <b>Net increase</b>   | <b>1,220,755</b>    | <b>1,154,737</b>    |
| <b>NET ASSETS AVAILABLE FOR BENEFITS</b>  |                     |                     |
| Beginning of the year   | 5,169,250           | 4,014,513           |
| <b>End of the year</b>  | <b>\$ 6,390,005</b> | <b>\$ 5,169,250</b> |

The accompanying notes are an integral part of these financial statements.



**Table of Contents**

THE COMMERCIAL & SAVINGS BANK

401(k) RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF PLAN

The following brief description of The Commercial & Savings Bank 401(k) Retirement Plan (the Plan) is provided for general information purposes only. Interested participants should refer to the Plan document for a more comprehensive description of the Plan's provisions.

**General**

The Plan is a defined contribution plan covering the employees of The Commercial and Savings Bank (the Bank), who have completed three months of service, attained age 21, and completed required service hours. The Plan includes a 401(k) before-tax savings feature, which permits participants to defer compensation under Section 401(k) of the Internal Revenue Code. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Plan is not covered by the Pension Benefit Guaranty Corporation.

**Contributions**

Plan participants may defer and contribute up to 100 percent of their annual compensation, as defined in the Plan's agreement, subject to certain limitations as specified in the Internal Revenue Code. The Plan presently offers nine mutual funds, a money market fund, and CSB Bancorp, Inc., common stock as investment options for Plan participants.

The Bank has agreed to make periodic matching contributions of 50 percent of each participant's elective deferral contribution, up to a maximum of 2 percent of annual compensation (as defined). The Plan also stipulates the Bank may make discretionary profit sharing contributions. To receive the annual profit sharing contributions, a participant must be employed at the Bank on the last day of the Plan year unless the participant has died, become disabled, or reached normal retirement age during the year. The Bank's profit sharing contributions are generally made in the first quarter subsequent to the Plan's year end.

**Participant Accounts**

Each participant's account is credited with the participant's compensation deferral contribution, an allocation of the Bank's matching and profit sharing contributions, and an allocation of the investment earnings or loss of the funds in which the participant chooses to invest.

The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**Vesting**

Participants are immediately vested in their voluntary contributions plus or minus actual earnings or losses thereon. Vesting in the sponsor's contributions in the Plan, plus earnings or losses thereon is based on years of continuous service. Participants vest at the rate of 33 percent per year and are fully vested after three years of credited service.

## Table of Contents

NOTE 1 - DESCRIPTION OF PLAN (continued)

### Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50 percent of their account balance. The loans are secured by the balance in the participant's account and bear fixed interest rates that range from 4.25 percent to 5.0 percent, which are commensurate with local prevailing rates as determined monthly by the plan administrator. Principal and interest is paid ratably through bi-weekly payroll deductions.

### Payment of Benefits

The normal retirement date is the date a participant reaches age 59.5. When a participant reaches the normal retirement date, terminates employment with the Bank, becomes totally disabled, or dies while participating in the Plan, they are entitled to receive the vested amount in their individual account.

If a participant dies before receiving all of the benefits in their account, the surviving spouse will receive the remainder in the participant's account as a lump sum or in installments. If the participant is not married at the time of death, the participant's beneficiary may elect to receive the remainder in the account in either a lump sum or in installments.

If benefits are elected to be received in installments, the installments may be made monthly, quarterly or annually over a period not to exceed the participant's life expectancy or the joint life expectancy of the participant and designated beneficiary at the time the election is made.

### Forfeitures

In the event a participant terminates prior to becoming fully vested, the unvested portion of the participant's matching and profit sharing contributions represent forfeitures. Matching contribution and profit sharing forfeitures revert back to the Plan and are allocated to all active participants based on relative compensation.

Forfeitures, including employer matching and profit sharing contributions, allocated to active participants aggregated \$2,342 and \$1,851 at December 31, 2010 and 2009, respectively. The allocated forfeitures originated from terminated participants who had taken full distributions and no forfeitures were allocated from terminated participants who have not taken a distribution.

## Table of Contents

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles followed by the Plan and the methods of applying these principles conform with U.S. generally accepted accounting principles.

A summary of the significant accounting and reporting policies applied in the presentation of the accompanying financial statements follows:

#### Accounting Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ significantly from those estimates.

#### Valuation of Investments and Income Recognition

The Plan's investments are stated at fair value. The fair value of mutual funds is determined using the quoted net asset value of the specified fund. The fair value of CSB Bancorp, Inc. common stock is determined based on a quoted market price. Cash equivalents are valued at cost, which approximates fair value.

The net appreciation in fair value of investments includes investments purchased, sold, and held during the year.

Purchases and sale of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

#### Administrative Expenses

Certain administrative functions are performed by officers and employees of the Bank. No such officer or employee receives compensation from the Plan. Certain other administrative expenses relating to participant record keeping, investment, audit certification and Form 5500 preparation are paid directly by the Bank. Such costs amounted to \$48,387 and \$48,090 for the year ended December 31, 2010 and 2009, respectively.

#### Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board (FASB) issued additional guidance related to fair value measurements and the related disclosure requirement. The guidance requires plans to disclose investments that transfer in and out of Levels 1 and 2 and the reasons for those transfers. Additionally, in the reconciliation of changes in the fair value of investments using significant unobservable inputs (Level 3), plans should present separately information about purchases, sales, issuances and settlements. The updated guidance is effective for the Plan for the year ended December 31, 2010, except for the disclosures about purchases, sales, issuances and settlements in the Level 3 reconciliation, which will be effective for the Plan for the year ended December 31, 2011. The adoption of this guidance did not and is not expected to have a material impact to the Plan's financial statements.

In September 2010, the FASB issued guidance clarifying the classification and measurement of participant loans by defined contribution pension plans. Participant loans are required to be classified as notes receivable from participants (rather than investments) and measured at their unpaid principal balance, plus any accrued but unpaid interest. The guidance, which must be applied retrospectively, is effective for fiscal years ending after December 15, 2010 with early adoption permitted. The Plan adopted this guidance in its December 31, 2010 financial statements and has reclassified participant loans of \$6,646 for the year ended December 31, 2009 from investments to notes receivable from participants. Net assets available for benefits of the plan were not affected by the adoption of the new guidance.

**Table of Contents**

NOTE 3 - INVESTMENTS

The Plan investments are administered by The Commercial & Savings Bank Trust Department (Trustee) under a trust agreement dated August 15, 2007.

The fair values of investments by investment type of the Plan's net assets available for benefits as of December 31 are as follows

|                            | 2010         |        | 2009         |        |
|----------------------------|--------------|--------|--------------|--------|
|                            | Fair Value   | %      | Fair Value   | %      |
| Cash                       | \$ 191,763   | 3.1%   | \$ 15,784    | 0.3%   |
| Money market mutual fund   | 1,229,253    | 19.7   | 1,170,226    | 23.2   |
| Marketable securities:     |              |        |              |        |
| Financial                  | 949,178      | 15.2   | 756,781      | 15.0   |
| Equity Mutual Funds:       |              |        |              |        |
| International              | 471,470      | 7.6    | 449,876      | 8.9    |
| Large Cap                  | 1,447,265    | 23.2   | 1,132,457    | 22.5   |
| Mid cap                    | 568,862      | 9.1    | 441,551      | 8.8    |
| Small cap                  | 287,055      | 4.6    | 161,473      | 3.2    |
| Fixed Income Mutual Funds: |              |        |              |        |
| Government                 | 1,093,401    | 17.5   | 909,804      | 18.1   |
|                            | \$ 6,238,247 | 100.0% | \$ 5,037,952 | 100.0% |

The Plan's investments appreciated in fair value for the years ended December 31 as follows:

|  | Net Appreciation               |            |
|--|--------------------------------|------------|
|  | in Fair Value During Year 2010 | 2009       |
| Investments at fair value as determined by quoted market prices: |                                |            |
| Mutual funds   | \$ 361,791                     | \$ 529,621 |
| Common stock   | 15,482                         | 10,452     |
| Net appreciation in fair value                                   | \$ 377,273                     | \$ 540,073 |

NOTE 4 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Bank has the right, under the Plan, to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of termination of the Plan, participants will become 100 percent vested in their accounts.

**Table of Contents**

NOTE 5 - TAX STATUS

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability or asset if the plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The plan administrator has analyzed the tax positions taken by the plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or asset or disclosure in the financial statements. The plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. On March 31, 2008 the Internal Revenue Service issued a letter to Retirement Direct LLC., provider of the Bank's Prototype Plan, that the form of Plan submitted was acceptable for use by employers for the benefit of their employees in accordance with applicable sections of the Internal Revenue Code. As a result, the Plan Administrator believes that the plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

NOTE 6 - PARTY-IN-INTEREST TRANSACTIONS

The Plan invests in the common stock of the Plan Sponsor. Therefore, related transactions qualify as related party transactions. All other transactions which may be considered parties-in-interest transactions relate to normal Plan management and administrative services and related payment of fees.

NOTE 7 - FAIR VALUE MEASUREMENTS

The Plan provides disclosures about assets and liabilities carried at fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs. The three broad levels of the fair value hierarchy are described below:

Level I: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level II: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level II input must be observable for substantially the full term of the asset or liability.

Level III: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. No liabilities are carried at fair value.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2010 and 2009.

*Common stocks:* Valued at the closing price reported on the active market on which the individual securities are traded.

**Table of Contents**

## NOTE 7 - FAIR VALUE MEASUREMENTS (continued)

*Mutual funds:* Valued at the net asset value ( NAV ) of shares held by the plan at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010 and 2009:

|                                   | December 31, 2010   |           |           | Total               |
|-----------------------------------|---------------------|-----------|-----------|---------------------|
|                                   | Level I             | Level II  | Level III |                     |
| <b>Equity Mutual Funds:</b>       |                     |           |           |                     |
| International                     | \$ 471,470          | \$        | \$        | \$ 471,470          |
| Large Cap                         | 1,447,265           |           |           | 1,447,265           |
| Mid Cap                           | 568,862             |           |           | 568,862             |
| Small Cap                         | 287,055             |           |           | 287,055             |
| <b>Fixed Income Mutual Funds:</b> |                     |           |           |                     |
| Government                        | 1,093,401           |           |           | 1,093,401           |
| <b>Marketable Securities:</b>     |                     |           |           |                     |
| Financial                         | 949,178             |           |           | 949,178             |
| <b>Total Assets at Fair Value</b> | <b>\$ 4,817,231</b> | <b>\$</b> | <b>\$</b> | <b>\$ 4,817,231</b> |

|                                   | December 31, 2009   |           |           | Total               |
|-----------------------------------|---------------------|-----------|-----------|---------------------|
|                                   | Level I             | Level II  | Level III |                     |
| <b>Equity Mutual Funds</b>        |                     |           |           |                     |
| International                     | \$ 449,876          | \$        | \$        | \$ 449,876          |
| Large Cap                         | 1,132,457           |           |           | 1,132,457           |
| Mid Cap                           | 441,551             |           |           | 441,551             |
| Small Cap                         | 161,473             |           |           | 161,473             |
| <b>Fixed Income Mutual Funds:</b> |                     |           |           |                     |
| Government                        | 909,804             |           |           | 909,804             |
| <b>Marketable Securities:</b>     |                     |           |           |                     |
| Financial                         | 756,781             |           |           | 756,781             |
| <b>Total Assets at Fair Value</b> | <b>\$ 3,851,942</b> | <b>\$</b> | <b>\$</b> | <b>\$ 3,851,942</b> |

## NOTE 8 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Plan discloses the estimated fair value of its financial instruments. Financial instruments are defined as cash, evidence of ownership interest in an entity, or a contract, which creates an obligation or right to receive or deliver cash or another financial instrument from/to a second entity on potentially favorable or unfavorable terms. Fair value is defined as the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced liquidation or sale. If a quoted market price is available for a financial instrument, the estimated fair value would be calculated based upon the market price per trading unit of the instrument.

Investments in mutual funds, common stock, employee profit sharing receivables, and cash and cash equivalents would be considered financial instruments. At December 31, 2010 and 2009, the carrying amounts of these financial instruments approximate fair value.



**Table of Contents**

## NOTE 9 - RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statement of Net Assets Available for Benefits.

## THE COMMERCIAL &amp; SAVINGS BANK

## 401(K) RETIREMENT PLAN

## SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

EMPLOYER IDENTIFICATION NUMBER 34-0159850

PLAN NUMBER - 002

DECEMBER 31, 2010

| (a) | (b) Identity of issuer                        | (c) Shares | Description of investment, including maturity date, rate of interest, collateral or (d) Par | Current (e) Value |
|-----|---|------------|---|-------------------|
|     | <b>Mutual Funds:</b>                          |            |   |                   |
|     | Federated Income Trust                        | 67,132     | \$ 693,157  | \$ 710,253        |
|     | Federated US Government Securities, 2-5 yr    | 29,807     | 344,146   | 349,929           |
|     | T Rowe Price Capital Appreciation             | 26,883     | 508,427   | 545,987           |
|     | T Rowe Price Growth Stock Fund                | 23,180     | 533,548   | 745,253           |
|     | Vanguard 500 Index Fund Investor              | 1,347      | 144,959   | 156,025           |
|     | Vanguard Inflation-Protected Securities       | 2,555      | 32,650  | 33,219            |
|     | Vanguard International Value Fund Investor    | 14,660     | 506,491   | 471,470           |
|     | Vanguard Mid-Cap Index Fund Investor          | 28,009     | 520,447   | 568,862           |
|     | Vanguard Small Cap Growth Index Fund Investor | 13,096     | 221,426   | 287,055           |
|     |   |            |   | 3,868,053         |
|     | Loans   |            |   | 23,751            |
| *   | Common Stock - CSB Bancorp, Inc.              | 60,962     | 1,230,825   | 949,178           |
|     | <b>Cash and cash equivalents</b>              |            |   |                   |
|     | Cash  |            |   | 191,763           |
|     | Federated Government Obligation Fund          |            |   | 1,229,253         |
|     |   |            |   | 1,421,016         |
|     | Total   |            |   | \$ 6,261,998      |



\* Party-in-interest

**Table of Contents**

**SIGNATURES**

*The Plan.* 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.

DATE  
June 29, 2011

The Commercial & Savings Bank  
401 (k) Retirement Plan

/s/ Thomas S. Rumbaugh  
as Plan Administrator

**Table of Contents**

**EXHIBITS INDEX**

Exhibit

| No. | Description  | Page no. |
|-----|--|----------|
| 23  | Consent of Independent Registered Public Accounting Firm | 17       |

16