

CSB BANCORP INC /OH  
Form 11-K  
June 28, 2007

**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, 2006**

**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

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**REQUIRED INFORMATION**

- (a) The Commercial & Savings Bank 401(k) Retirement Plan (the Plan ) is subject to the Employee Retirement Income Security Act of 1974 ( ERISA ). Therefore, in lieu of requirements of Items 1-3 of Form 11-K, the financial statements and supplemental schedule of the Plan for the fiscal year ended December 31, 2006, which have been prepared in accordance with the financial reporting requirements of ERISA, are filed as a part of this Form 11-K report.
  - (b) Exhibits
    - 23 Consent of Registered Independent Public Accounting Firm
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THE COMMERCIAL & SAVINGS BANK  
401(k) RETIREMENT PLAN  
MILLERSBURG, OHIO  
AUDIT REPORT  
DECEMBER 31, 2006

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THE COMMERCIAL & SAVINGS BANK  
401(k) RETIREMENT PLAN  
DECEMBER 31, 2006

|   | Page<br>Number |
|---|----------------|
| Report of Independent Registered Public Accounting Firm   | 1              |
| Statement of Net Assets Available for Benefits            | 2              |
| Statement of Changes in Net Assets Available for Benefits | 3              |
| Notes to Financial Statements                             | 4-8            |
| Supplemental Information                                  | 9              |

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**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, 2006 and 2005, 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, 2006 and 2005, 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, 2006, 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 27, 2007

THE COMMERCIAL & SAVINGS BANK  
401(k) RETIREMENT PLAN  
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

|                                       | December 31, |              |
|---------------------------------------|--------------|--------------|
|                                       | 2006         | 2005         |
| <b>ASSETS</b>                         |              |              |
| Participant-directed investments      | \$ 3,121,999 | \$ 3,198,860 |
| Receivables:                          |              |              |
| Employer profit sharing contributions | 103,899      | 83,854       |
| Employee contributions                | 9,325        |              |
| Employer match contribution           | 2,764        |              |
| Accrued investment income             | 5,612        | 4,068        |
| Total receivables                     | 121,600      | 87,922       |
| Cash and cash equivalents             | 862,608      | 747,718      |
| Total assets available for benefits   | 4,106,207    | 4,034,500    |
| <b>LIABILITIES</b>                    |              |              |
| Benefits payable                      | 5,404        | 32,122       |
| Net assets available for benefits     | \$ 4,100,803 | \$ 4,002,378 |

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

THE COMMERCIAL & SAVINGS BANK  
401(k) RETIREMENT PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
YEAR ENDED DECEMBER 31,

|  | 2006         | 2005         |
|--|--------------|--------------|
| ADDITIONS IN NET ASSETS ATTRIBUTED TO:   |              |              |
| INVESTMENT INCOME:   |              |              |
| Net (depreciation) appreciation in fair value of investments   | \$ (91,441)  | \$ 145,316   |
| Interest and dividends, including \$142,589 and \$34,943 of dividends from CSB Bancorp, Inc., common stock | 177,532      | 76,931       |
| Total investment income  | 86,091       | 222,247      |
| Employee deferral  | 284,225      | 275,445      |
| Rollover contributions   | 17,203       | 13,429       |
| Employer contributions   | 181,386      | 150,758      |
| Total contributions  | 482,814      | 439,632      |
| Total additions  | 568,905      | 661,879      |
| DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:  |              |              |
| Benefits paid directly to participants   | 470,480      | 748,161      |
| Net increase (decrease)  | 98,425       | (86,282)     |
| NET ASSETS AVAILABLE FOR BENEFITS:   |              |              |
| Beginning of the year  | 4,002,378    | 4,088,660    |
| End of the year  | \$ 4,100,803 | \$ 4,002,378 |

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



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 parties 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 non-collective bargaining unit employees of The Commercial and Savings Bank (the Bank), who have completed three months of service and attained age 21. 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 seven mutual funds, an insured money market fund, and CSB Bancorp, Inc., common stock as investment options for Plan participants.

The Bank has agreed to make annual matching contributions of 50 percent of each participant's compensation deferral contribution, up to 4 percent, or 2 percent of annual compensation (as defined). The Plan also stipulates the Bank may make discretionary profit sharing contributions. To receive the annual matching and 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 actual earnings 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.

NOTE 1 DESCRIPTION OF PLAN (continued)

Payment of Benefits

The normal retirement date is the date a participant reaches age 65. When a participant reaches the normal retirement date, or reaches age 55 with seven years of service, 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 forfeitures are available to reduce the Bank's matching contribution requirement, and profit sharing forfeitures revert back to the Plan and are allocated to all active participants based on relative compensation.

Matching contribution forfeitures available to reduce future Bank matching contributions aggregated \$852 at December 31, 2006, all from terminated participants who had taken full distribution and \$0 from participants who have terminated and not taken a distribution. Of the matching contribution forfeitures available at December 31, 2006, \$852 were allocated as of December 31, 2006.

Matching contribution forfeitures available to reduce future Bank matching contributions aggregated \$4,487 at December 31, 2005, including \$3,255 from terminated participants who had taken full distribution and \$1,232 from participants who have terminated and not taken a distribution. Of the matching contribution forfeitures available at December 31, 2005, \$3,255 were used to reduce the Bank's 2006 matching contribution.

Profit sharing contribution forfeitures to be allocated to active participants aggregated \$2,471 at December 31, 2006, including \$2,471 from terminated participants who had taken full distribution and \$0 from terminated participants who have not taken a distribution. Of the profit sharing contribution forfeitures available at December 31, 2006, \$2,471 were allocated as of December 31, 2006.

Profit sharing contribution forfeitures to be allocated to active participants aggregated \$11,542 at December 31, 2005, including \$6,365 from terminated participants who had taken full distribution and \$5,177 from terminated participants who have not taken a distribution. Of the profit sharing contribution forfeitures available at December 31, 2005, \$6,365 were allocated as of December 31, 2005.

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 are paid directly by the Bank. Such costs amounted to \$23,397 and \$23,267 for the years ended December 31, 2006 and 2005.

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 (depreciation) 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.

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.

## NOTE 3 INVESTMENTS

The Plan investments are administered by The Commercial & Savings Bank Trust Department (Trustee).

The fair values of the individual investments that represent 5 percent or more of the Plan's net assets available for benefits as of December 31 are as follows:

|  | 2006         |              | 2005         |              |
|--|--------------|--------------|--------------|--------------|
|  | Cost         | Fair Value   | Cost         | Fair Value   |
| Investments at fair value as determined by quoted market prices: |              |              |              |              |
| Common stock CSB Bancorp, Inc.                                   | \$ 1,223,024 | \$ 983,420   | \$ 1,350,769 | \$ 1,245,741 |
| Federated Government Obligation Fund                             | 863,874      | 863,874      | 31,339       | 31,339       |
| Federated Income Trust   | 332,107      | 337,809      |              |              |
| Fidelity Advisor Equity Growth Fund                              | 568,809      | 661,079      | 616,587      | 685,017      |
| Franklin Small-Mid Capital Growth Fund                           | 308,514      | 398,226      | 255,852      | 367,125      |
| T Rowe Price Capital Appreciation                                | 276,668      | 271,024      |              |              |
| Vanguard International Value                                     | 283,336      | 279,529      |              |              |
| Federated Stock Trust  |              |              | 83,631       | 234,272      |
| Fidelity Intermediate Bond Fund                                  |              |              | 349,617      | 337,953      |
|  | \$ 3,856,332 | \$ 3,794,961 | \$ 2,687,795 | \$ 2,901,447 |

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

|  | Net Appreciation<br>(Depreciation)<br>in Fair Value During Year |            |
|--|---|------------|
|  | 2006  | 2005       |
| Investments at fair value as determined by quoted market prices: |   |            |
| Mutual funds   | \$ 60,267   | \$ 78,672  |
| Common stock   | (151,708)   | 66,644     |
| Net (depreciation) appreciation in fair value                    | \$ (91,441)   | \$ 145,316 |

## 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.

**NOTE 5 TAX STATUS**

The Internal Revenue Service has determined and informed the Bank, by letter dated January 3, 2005, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

**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 OF FINANCIAL INSTRUMENTS**

Statement of Financial Accounting Standards No. 107, *Disclosures About Fair Value of Financial Instruments*, requires the Plan to disclose 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 and cash and cash equivalents would be considered financial instruments. At December 31, 2006 and 2005, the carrying amounts of these financial instruments approximate fair value.

THE COMMERCIAL & 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, 2006

|  | Par or<br>Shares | Cost       | Fair<br>Value |
|--|------------------|------------|---------------|
| Mutual Funds                               |                  |            |               |
| Federated US Government Securities, 2-5 yr | 10,169           | \$ 113,545 | \$ 110,438    |
| Fidelity Equity Growth Fund                | 12,217           | 568,809    | 661,079       |
| Franklin Small-Mid Capital Growth Fund     | 10,543           | 308,514    | 398,226       |
| Federated Income Trust                     | 33,086           | 332,107    | 337,809       |
| T Rowe Price Capital Appreciation          | 13,144           | 276,668    | 271,024       |
| Vanguard Small Cap Growth                  | 2,440            | 42,048     | 44,756        |
| Vanguard International Value               | 6,929            | 283,336    | 279,529       |
| Vanguard S&P 500                           | 274              | 33,809     | 35,718        |
|  |                  |            | 2,138,579     |
| Common Stock CSB Bancorp, Inc.             | 53,886           | 1,223,024  | 983,420       |
| Cash and cash equivalents                  |                  |            |               |
| Cash                                       |                  |            | (1,266)       |
| Federated Government Obligation Fund       | 863,874          |            | 863,874       |
|  |                  |            | 862,608       |
| Total                                      |                  |            | \$ 3,984,607  |

**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.

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

DATE

/s/ Thomas S. Rumbaugh

June 27, 2007

as Plan Administrator

10

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**EXHIBITS INDEX**

| Exhibit No. | Description  | Page no. |
|-------------|--|----------|
| 23          | Consent of Independent Registered Public Accounting Firm | 12       |
|             |  | 11       |