

COMMUNITY BANCORP /VT
Form 11-K
June 28, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

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

For the fiscal year ended December 31, 2004

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

For the transition period from _____ to _____

Commission File Number - 33-44713

A. Full title of the plan and the address of the plan:

COMMUNITY BANCORP. AND DESIGNATED SUBSIDIARIES' RETIREMENT SAVINGS
PLAN
4811 U.S. Rte. 5
P.O. Box 259
Derby, Vermont 05829

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

COMMUNITY BANCORP.
4811 U.S. Rte. 5
P.O. Box 259
Derby, Vermont 05829

REQUIRED INFORMATION

The Community Bancorp. and Designated Subsidiaries' Retirement Savings Plan is an ERISA plan with more than 100 participants. Required financial statements filed with this report:

Financial Report for plan year ended December 31, 2004.

COMMUNITY BANCORP. AND DESIGNATED
SUBSIDIARIES RETIREMENT SAVINGS PLAN

FINANCIAL STATEMENTS

with

SUPPLEMENTARY INFORMATION

December 31, 2004 and 2003

With Independent Auditors' Report

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
Community Bancorp. and Designated Subsidiaries Retirement Savings Plan

We have audited the accompanying statement of net assets available for benefits of Community Bancorp. and Designated Subsidiaries Retirement Savings Plan as of December 31, 2004 and 2003, and the related statement of changes in net assets available for benefits for the year ended December 31, 2004. 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 audit.

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 audit provides 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 Community Bancorp. and Designated Subsidiaries Retirement Savings Plan as of December 31, 2004 and 2003 and the changes in net assets available for benefits for the year ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) 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 Department of

Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplementary information is the responsibility of the Plan's management. The supplemental information has been subjected to the auditing procedures applied in the audit 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/ Berry, Dunn, McNeil & Parker
 Portland, Maine
 May 11, 2005
 VT Reg. No. 092-0000278

COMMUNITY BANCORP. AND DESIGNATED
 SUBSIDIARIES RETIREMENT SAVINGS PLAN

Statements of Net Assets Available for Benefits

December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Assets		
Investments, at fair value		
Money market assets	\$ 265,839	\$ 491,598
Mutual funds	3,791,419	3,008,052
Marketable equity securities	4,571,353	4,021,089
Participant loans	194,248	165,724
Total investments	<u>8,822,859</u>	<u>7,686,463</u>
Receivables		
Employer contributions	275,319	272,597
Employee contributions	69	10,894
Accrued interest and dividends	1,831	8,655
Total receivables	<u>277,219</u>	<u>292,146</u>
Net assets available for benefits	<u>\$ 9,100,078</u>	<u>\$ 7,978,609</u>

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

COMMUNITY BANCORP. AND DESIGNATED
 SUBSIDIARIES RETIREMENT SAVINGS PLAN

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Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2004

Additions to net assets attributed to:

Investment income

Interest and dividends	\$ 269,221
Net appreciation in fair value of investments	569,662
Net investment income	<u>838,883</u>

Contributions

Employer's	341,370
Employee'	<u>353,030</u>

Total contributions	<u>694,400</u>
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Total additions	<u>1,533,283</u>
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Deductions from net assets attributed to:

Benefits paid to employees	<u>411,814</u>
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Total deductions	<u>411,814</u>
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Increase in net assets available for benefits	1,121,469
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Net assets available for benefits

Beginning of year	<u>7,978,609</u>
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End of year	<u>\$ 9,100,078</u>
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The accompanying notes are an integral part of these financial statements.

COMMUNITY BANCORP. AND DESIGNATED
SUBSIDIARIES RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2004 and 2003

1. Description of Plan

The following description of the Community Bancorp. and Designated Subsidiaries Retirement Savings Plan (the "Plan") provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all employees of Community National Bank (the Bank) who have attained age 21 and have completed one year of service. Under the provisions of the Plan, investment activity is directed by individual participants. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Participants may contribute up to the maximum amount allowed by the Internal Revenue Code. The Bank matches employee contributions up to 5 percent of annual compensation. The Bank may also make additional discretionary contributions. Contributions are subject to certain limitations.

Administrative Expenses

Effective January 1, 2004, all administrative expenses are paid by the plan sponsor. Prior to 2004, administrative expenses were paid by the plan.

2. Summary of Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Payment of Benefits

Benefits are recorded when paid.

COMMUNITY BANCORP. AND DESIGNATED
SUBSIDIARIES RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2004 and 2003

3. Investments

The Plan's investments are recorded at their fair values determined by quoted market prices. Shares of mutual funds are valued at the net asset value of shares held by the Plan at year-end.

Investments that represent 5% or more of the Plan's net assets are as follows:

	<u>2004</u>	<u>2003</u>
<u>Security</u>		
Community Bancorp. Common Stock	\$ 4,571,353	\$ 4,021,089
Growth Fund of America, Inc.	683,833	464,683
Cash Management Fund of America	251,378	482,614
American Balanced Fund	622,019	535,409
Vanguard Total Stock Market Index Fund	1,497,660	1,298,313

During 2004, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by \$569,662 as follows:

Mutual funds	\$ 283,187
Community Bancorp. stock	286,475
	<u>\$ 569,662</u>

4. Tax Status

The Plan obtained its latest determination letter dated August 23, 2002, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code.

5. Plan Termination

Although it has not expressed any intention to do so, Community National Bank has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

COMMUNITY BANCORP. AND DESIGNATED
SUBSIDIARIES RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2004 and 2003

6. Party-in-Interest Transactions

Community Financial Services Group, is the Plan's custodian. Community Financial Services Group is an affiliate of Community National Bank, the Plan sponsor, through common ownership.

The Plan allows for employee contributions to be invested in common stock of the parent of the Plan sponsor, Community Bancorp. At December 31, 2004 and 2003, the Plan held 257,541 and 241,870 shares, respectively, valued at \$4,571,353 and \$4,021,089, respectively.

There were no party-in-interest transactions which are prohibited by ERISA Section 406 and for which there is no statutory or administrative exemption.

7. 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.

COMMUNITY BANCORP. AND DESIGNATED
SUBSIDIARIES RETIREMENT SAVINGS PLAN

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

Required for IRS Form 5500
EIN #01-0211807
Plan #002

December 31, 2004

(a)	(b) Identity of Issue, Borrower, Lesser, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost (1)	(e) Current Value
	Cash Management Fund of America	Money Market	\$	251,378

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Federated Prime Value Obligations Fund	Money Market	13,028
Federated Government Obligations Fund	Money Market	1,433
* Community Bancorp.	Common Stock, 257,541	4,571,353
American Balanced Fund	Mutual Fund	622,019
Blackrock Core Bond Fund	Mutual Fund	98,422
Growth Fund of America, Inc.	Mutual Fund	683,833
Investment Company of America	Mutual Fund	174,265
Longleaf Partners Small Cap Fund	Mutual Fund	183,770
Vanguard Total Stock Market Index Fund	Mutual Fund	1,497,660
SEI Stable Asset Fund	Mutual Fund	339,219
Euro Pacific Growth Fund	Mutual Fund	191,387
SEI Diversified Moderate Growth Fund	Mutual Fund	843
* Participant Loans	Interest rate range 5.82% - 10.00% various maturities	194,248
		194,248
		\$ 8,822,858

* Indicates a party-in-interest to the Plan.

(1) Participant directed plan, information not required.

SIGNATURES

The Plan.

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrators have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

COMMUNITY BANCORP. AND DESIGNATED SUBSIDIARIES'
RETIREMENT SAVINGS PLAN

DATE: June 28, 2005

/s/ Stephen P. Marsh

Stephen P. Marsh, President & Chief Operating Officer

Community Bancorp
(Plan Administrator)