

COMMUNITY BANCORP /VT
Form 11-K
June 25, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 11-K

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

For the fiscal year ended December 31, 2012

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

For the transition period from _____ to _____

Commission File Number - 333-133631

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

COMMUNITY BANCORP AND DESIGNATED SUBSIDIARIES' RETIREMENT SAVINGS PLAN

Physical Location:

4811 U.S. Rte. 5
Derby, Vermont 05829

Mailing Address:

4811 U.S. Rte. 5
Newport, Vermont 05855

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
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, 2012.

COMMUNITY BANCORP AND DESIGNATED
SUBSIDIARIES RETIREMENT SAVINGS PLAN

FINANCIAL STATEMENTS

and

SUPPLEMENTARY INFORMATION

December 31, 2012 and 2011

With Independent Auditor's Report

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Plan Administrator and Audit Committee of the Board of Directors
Community Bancorp and Designated Subsidiaries Retirement Savings Plan

We have audited the accompanying statements of net assets available for benefits of Community Bancorp and Designated Subsidiaries Retirement Savings Plan (the Plan) as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. 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 U.S. generally accepted auditing standards. 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, 2012 and 2011 and the changes in net assets available for benefits for the year ended December 31, 2012 in conformity with U.S. generally accepted accounting principles.

Our audits were made 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 schedule is the responsibility of the Plan's management. The supplemental schedule 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.

Portland, Maine
June 13, 2013
VT Reg. No. 92-0000278

COMMUNITY BANCORP AND DESIGNATED
SUBSIDIARIES RETIREMENT SAVINGS PLAN

Statements of Net Assets Available for Benefits

December 31, 2012 and 2011

	2012	2011
Assets		
Investments, at fair value		
Money market assets	\$550,257	\$353,430
Marketable equity securities	4,546,363	3,712,013
Common/collective trust	0	93,152
Mutual funds	8,228,525	6,754,504
Total investments	13,325,145	10,913,099
Receivables		
Employer contributions	355,861	346,129
Participant loans	426,186	408,277
Interest and dividends receivable	2,525	276
Total receivables	784,572	754,682
Net assets available for benefits	\$14,109,717	\$11,667,781

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

COMMUNITY BANCORP AND DESIGNATED
SUBSIDIARIES RETIREMENT SAVINGS PLAN

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2012

Additions to net assets attributed to:

Investment and participant loan income

Net appreciation in fair value of investments	\$1,477,706
Interest and dividends	428,836

1,906,542

Contributions

Employer's	477,794
Participants'	380,300
Rollover	25,530

883,624

Total additions

2,790,166

Deductions from net assets attributed to:

Benefits paid to participants	309,483
Administrative expenses	38,747

Total deductions

348,230

Increase in net assets available for benefits

2,441,936

Net assets available for benefits

Beginning of year

11,667,781

End of year

\$14,109,717

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, 2012 and 2011

Note 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 the sponsor, Community National Bank (the Bank), a subsidiary of Community Bancorp. (the Company), who have attained age 21 and have completed one year of service. Effective January 1, 2008, the Plan recognized years of service with LyndonBank and affiliated employers for purposes of eligibility and computing vesting. 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 (IRC). The Bank makes matching contributions equal to 50% of the participant's contributions up to five percent of annual eligible compensation. The Bank may also make additional discretionary contributions. Contributions are subject to certain limitations. After tax or ROTH contributions are accepted by the Plan.

Forfeiture Accounts

There were no unallocated forfeitures as of December 31, 2012 and 2011. Forfeitures may be used to reduce future employer contributions. During 2012, \$3,250 of forfeitures were used to reduce the Bank's contribution.

Note 2. Summary of Accounting Policies

Participant Loans

Loans to participants are reported at their unpaid principal balances plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan documents.

Investment Valuation

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements.

As described in "Reporting on Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans", investments held by a defined contribution plan are required to be reported at fair value. However, contract value is

the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to the fully benefit responsive group annuity contract because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The custodian indicates fair value approximates contract value for the common/collective trust and would not be material to the financial statements.

COMMUNITY BANCORP AND DESIGNATED
SUBSIDIARIES RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2012 and 2011

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.

Administrative Expenses

All reasonable expenses of administration may be paid out of Plan assets unless paid by the Company.

Note 3. Investments

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

	2012	2011
Community Bancorp. Common Stock	\$ 4,546,363	\$ 3,712,013
Growth Fund of America, Inc.	1,843,507	1,511,221
American Balanced Fund	1,266,915	1,039,371
Vanguard Total Stock Market Index Fund	1,779,743	1,461,375
EuroPacific Growth Fund	1,149,852	916,354
Royce Premier Smallcap Fund	818,757	711,983

During 2012, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

Mutual funds	\$ 925,831
Marketable equity securities	551,875
	\$1,477,706

COMMUNITY BANCORP AND DESIGNATED
SUBSIDIARIES RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2012 and 2011

Note 4. Fair Value Measurements

Fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, and level 3 inputs have the lowest priority. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. No level 3 inputs were used at December 31, 2012 and 2011.

Level 1 Fair Value Measurements

Money market assets are valued at the net asset value of shares held by the Plan at year end. The fair values of marketable equity securities are based on the closing price reported on the active market where the individual securities are traded. The fair value of mutual funds is based on quoted net asset values of the shares held by the Plan at year end.

Level 2 Fair Value Measurements

The fair value of the common/collective trust is based on the securities underlying the security backed contracts held by the trust.

The Plan's investments are reported at fair value on a recurring basis in the accompanying statements of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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.

COMMUNITY BANCORP AND DESIGNATED
SUBSIDIARIES RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2012 and 2011

	Total	Fair Value Measurements at Reporting Date Using:	
		Level 1	Level 2
December 31, 2012			
Money market assets	\$550,257	\$550,257	\$0
Marketable equity securities:			
Financials	4,546,363	4,546,363	0
Mutual funds:			
Index funds	1,779,743	1,779,743	0
Balanced funds	1,266,915	1,266,915	0
International growth funds	1,149,852	1,149,852	0
Growth funds	1,843,507	1,843,507	0
Large cap value funds	662,450	662,450	0
Small/mid-cap funds	818,757	818,757	0
Fixed income funds	707,301	707,301	0
	8,228,525	8,228,525	0
Total assets at fair value	\$13,325,145	\$13,325,145	\$0
December 31, 2011			
Money market assets	\$353,430	\$353,430	\$0
Marketable equity securities:			
Financials	3,712,013	3,712,013	0
Common/collective trust	93,152	0	93,152
Mutual funds:			
Index funds	1,461,375	1,461,375	0
Balanced funds	1,039,371	1,039,371	0
International growth funds	916,354	916,354	0
Growth funds	1,511,221	1,511,221	0
Large cap value funds	553,460	553,460	0
Small/mid-cap funds	711,983	711,983	0
Fixed income funds	560,740	560,740	0

	6,754,504	6,754,504	0
Total assets at fair value	\$ 10,913,099	\$ 10,819,947	\$ 93,152

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COMMUNITY BANCORP AND DESIGNATED
SUBSIDIARIES RETIREMENT SAVINGS PLAN

Notes to Financial Statements

December 31, 2012 and 2011

Note 5. 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 IRC. The Plan has been amended since receiving the determination letter. However, the plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC.

Note 6. Plan Termination

Although it has not expressed any intention 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 set forth in ERISA. In the event of Plan termination, participants would become 100 percent vested in their employer contributions.

Note 7. Party-In-Interest Transactions

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

The Plan allows for participant contributions to be invested in common stock of the Company. At December 31, 2012 and 2011, the Plan held 415,193 and 386,668 shares, respectively, valued at \$4,546,363 and \$3,712,013, 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.

Note 8. 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 9. Subsequent Events

For purposes of accrual or disclosure in these financial statements, the Company has evaluated subsequent events through the date of issuance of these financial statements.

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 #03-0288082
Plan #002

December 31, 2012

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
	American Money Market Fund	Money Market	**	\$ 306,391
	CNB Cash Management Fund	Money Market	**	165,988
	Federated Government Obligations Fund	Money Market	**	77,878
*	Community Bancorp.	Common Stock	**	4,546,363
	American Balanced Fund	Mutual Fund	**	1,266,915
	Growth Fund of America, Inc.	Mutual Fund	**	1,843,507
	Dodge & Cox Balanced Fund	Mutual Fund	**	517,547
	T. Rowe Price Equity Income Fund	Mutual Fund	**	662,450
	Royce Premier Investment Fund	Mutual Fund	**	818,757
	Vanguard Total Stock Market Index Fund	Mutual Fund	**	1,779,743
	Vanguard Short Term Bond Index Fund	Mutual Fund	**	189,754
	Euro Pacific Growth Fund	Mutual Fund	**	1,149,852
	Investments at fair value			13,325,145
*	Participant loans	3.28%-8.13%, various maturities	-	426,186
				\$ 13,751,331

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

** Participant directed investments, 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 13, 2013

/s/ Stephen P. Marsh
Stephen P. Marsh, Chairman, President & Chief
Executive Officer, Community Bancorp.
(Plan Administrator)