

FRANKLIN FINANCIAL SERVICES CORP /PA/
Form 11-K
June 28, 2001

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 11-K

X ANNUAL REPORT PURUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934 for the fiscal year ended December 31, 2000

_TRANSITION REPORT PURSUANT TO 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the transition period from _____ to_____.

Commission file number 0-12126

Farmers and Merchants Trust Company
PROFIT-SHARING PLAN

(Full title of the plan)

Franklin Financial Services Corporation
20 South Main Street
P.O. Box 6010
CHAMBERSBURG, PA 17201-0819

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

Registrant's telephone number, including area code (717) 264-6116

Notices and communications from the Securities and Exchange
Commission relating to this report should be forwarded to:

Franklin Financial Services Corporation
20 South Main Street
P.O. Box 6010
CHAMBERSBURG, PA 17201-0819

Attention: Elaine G. Meyers

Item 1. FINANCIAL STATEMENTS AND EXHIBITS

a. Financial Statements

1. Statements of Net Assets Available for Plan Benefits as of December 31, 2000 and 1999.
2. Statement of Changes in Net Assets Available for Plan

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Benefits for the year ended December 31, 2000.

- b. Exhibits
 - 1. Consent of Beard Miller Company LLP

FARMERS AND MERCHANTS TRUST COMPANY
PROFIT-SHARING PLAN

FINANCIAL REPORT

DECEMBER 31, 2000

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INDEPENDENT AUDITOR'S REPORT

To the Plan Administrator
Farmers and Merchants Trust Company
Profit-Sharing Plan
Chambersburg, Pennsylvania

We have audited the accompanying statements of net assets available for benefits of the Farmers and Merchants Trust Company Profit-Sharing Plan (the "Plan") as of December 31, 2000 and 1999, and related statement of changes in net assets available for benefits for the years then ended. These financial statements and schedule referred to below are the responsibility of the Plan's administrator. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 the Plan's administrator, 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 as of December 31, 2000 and 1999, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes is presented for purposes 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. 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.

/s/ BEARD MILLER COMPANY LLP

Harrisburg, Pennsylvania
May 22, 2001

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FARMERS AND MERCHANTS TRUST COMPANY PROFIT-SHARING PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2000 and 1999

2000		
PARTICIPANT DIRECTED	NON- PARTICIPANT DIRECTED	TOTAL

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ASSETS

Investments, at fair value:

Franklin Financial Services Corporation (FFSC) common stock	\$	-	\$	301,405	\$	301,405
Corporate debt and equity securities		2,305,297		85,073		2,390,370
Mutual funds		2,785,072		-		2,785,072
Dreyfus Treasury Prime Cash Management Fund		443,737		11,815		455,552
SEI - Institutional Cash		14,401		-		14,401
Government securities		740,390		93,763		834,153
Certificates of deposit		24,000		-		24,000

Total investments		6,312,897		492,056		6,804,953

Participant loan receivable		3,293		12		3,305
Employer's contribution receivable		6,584		607		7,191
Employees' contribution receivable		12,363		1,025		13,388
Income receivable		40,741		3,513		44,254

NET ASSETS AVAILABLE FOR BENEFITS	\$	6,375,878	\$	497,213	\$	6,873,091
		=====				

See Notes to Financial Statements.

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1999		
Participant Directed	Non-Participant Directed	Total

\$	-	\$ 385,102
	2,156,420	\$ 90,197
	2,951,047	-
	169,597	9,201
	5,508	-
	637,222	173,804
	24,000	-
	5,943,794	658,304
		6,602,098

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-	-	-
28,680	5,155	33,835
11,592	2,040	13,632
18,339	7,966	26,305

 \$ 6,002,405 \$ 673,465 \$ 6,675,870
 =====

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FARMERS AND MERCHANTS TRUST COMPANY PROFIT-SHARING PLAN
 STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

 Years Ended December 31, 2000 and 1999

	2000		
	PARTICIPANT DIRECTED	NON- PARTICIPANT DIRECTED	TOTAL

Additions to net assets:			
Net realized and unrealized appreciation (depreciation) in value of investments	\$ (229,614)	\$ (80,602)	\$ (310,216)
Interest and dividend income	306,156	24,752	330,908
Contribution from employer	171,191	20,417	191,608
Contribution from employees	382,828	32,365	415,193
Rollover contribution	15,953	-	15,953

Total additions	646,514	(3,068)	643,446

Deductions from net assets:			
Benefit payments	405,197	18,116	423,313
Administrative expenses	20,901	2,011	22,912

Total deductions	426,098	20,127	446,225

Net interfund transfers	153,057	(153,057)	-

Net increase (decrease)	373,473	(176,252)	197,221

Net assets available for benefits:			
Beginning of year	6,002,405	673,465	6,675,870

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End of year \$ 6,375,878 \$ 497,213 \$6,873,091

=====

See Notes to Financial Statements.

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1999		
Participant Directed	Non- Participant Directed	Total
\$ 92,133	\$ (179,068)	\$ (86,935)
356,475	37,344	393,819
175,742	34,620	210,362
346,982	55,977	402,959
2,845	-	2,845
974,177	(51,127)	923,050
286,387	39,192	325,579
20,387	3,193	23,580
306,774	42,385	349,159
54,245	(54,245)	-
721,648	(147,757)	573,891
5,280,757	821,222	6,101,979
\$ 6,002,405	\$ 673,465	\$ 6,675,870

FARMERS AND MERCHANTS TRUST COMPANY PROFIT-SHARING PLAN
NOTES TO FINANCIAL STATEMENTS

1

DESCRIPTION OF PLAN

The following description of the Farmers and Merchants Trust Company Profit-Sharing Plan (the "Plan") provides only general information. Participants should refer to the Plan document for more complete information.

General:

The Plan is a defined contribution plan established by Farmers and Merchants Trust Company (the "Company") under the provisions of Section 401(a) of the Internal Revenue Code ("Code"), which includes a qualified deferred arrangement as described in Section 401(k) of the Code for the benefit of eligible employees of the Company. All employees who have completed one year of service, as defined, are eligible to participate. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended.

Contributions:

Eligible employees can contribute an amount up to 19% of compensation as defined by the Plan, limited by requirements of the IRC. The Company, at its discretion, may match a percentage of each Plan participant's deferrals up to a maximum of 5% of compensation. The percentage of such discretionary matching contributions is determined annually by the Company. In 2000 and 1999, the Company matched 100% of Plan participants' first 3% deferral and 50% of the next 2% deferral.

In addition, the Company may elect to contribute an additional percentage of Plan participants' compensation. In 2000, the Company declined to make an additional discretionary contribution. In 1999, the Company made a 2% discretionary contribution.

The Plan may refund any excess deferrals in order to bring the plan in compliance with code limitations.

Vesting:

A participant is immediately vested in his or her entire account balance, including Company contributions.

Payment of benefits:

Upon retirement, death, disability or termination, a participant may elect to receive distributions in the form of an annuity or lump-sum amount, as defined.

Benefits due to terminated participants, which are included in net assets for plan benefits in the accompanying statements, totaled \$ -0- at December 31, 2000 and 1999, respectively.

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FARMERS AND MERCHANTS TRUST COMPANY PROFIT-SHARING PLAN
NOTES TO FINANCIAL STATEMENTS

1

DESCRIPTION OF PLAN (CONTINUED)

Participant accounts:

Individual accounts are maintained for each of the Plan's participants to reflect the participant's share of the Plan's income, the Company's contribution and the participant's contribution. Allocations are based on participant account balances, as defined.

Investment options:

All funds are participant directed except for the FFSC Stock and Fixed Income Fund. Election changes can be made quarterly. The Company administers the Plan and makes decisions related to its investments.

The investment options available under the Plan are:

Equities and fixed income fund:

This fund invests primarily in cash equivalents and money markets, government agency notes and bonds, common stocks and domestic equity mutual funds.

FFSC stock and fixed income fund:

This fund invests primarily in government agency notes and bonds and in employer common stock.

Fixed income fund:

This fund invests primarily in cash equivalents, money markets and government agency notes and bonds.

Equities mutual fund:

This fund invests primarily in cash equivalents, money markets and domestic equity mutual funds.

Money market fund:

This fund invests solely in the Dreyfus Treasury Prime Cash Management Fund.

Global equity fund:

This fund invests primarily in diversified global equity mutual funds.

Index 500 fund:

This fund invests primarily in cash equivalents and domestic equity mutual funds.

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FARMERS AND MERCHANTS TRUST COMPANY PROFIT-SHARING PLAN
NOTES TO FINANCIAL STATEMENTS

1

DESCRIPTION OF PLAN (CONTINUED)

Participant loans:

Under the terms of the Plan, participants may request loans not to exceed the lesser of \$ 50,000 or 50% of their vested account balance for payment of post-secondary education for the participant, spouse, children or dependents, or the purchase of a principal residence for the participant. Loans will have a market rate of interest, as defined. Education loans and principal residence loans must be repaid over a period of not longer than five years and in installments not less frequently than quarterly. Additionally, no loan may be less than \$ 1,000 and no more than one loan may be issued to a participant during the year. As of December 31, 2000 and 1999, outstanding loans totaled \$ 3,305 and \$ -0-, respectively.

2

SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting:

The accompanying financial statements are prepared on the accrual basis of accounting.

Income recognition:

Interest income is recorded as earned on the accrual basis. Dividend income is recorded when declared.

Investment valuation:

Investments of the Plan are stated at fair value by reference to quoted market prices. Because of the volatility of the financial markets in which investments are traded, there is the risk that any future determination of fair value could be significantly less than that recorded in the accompanying financial statements. Purchases and sales of securities are reflected on a trade-date basis. Realized gains and losses are based on securities sold.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of net assets available for plan benefits and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for plan benefits during the reporting period. Actual results could differ from those estimates.

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FARMERS AND MERCHANTS TRUST COMPANY PROFIT-SHARING PLAN
NOTES TO FINANCIAL STATEMENTS

2

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Administrative expenses:

All expenses are paid out of the Plan's assets.

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New accounting standard:

In September 1999, the AICPA issued Statement of Position No. 99-3, "Accounting for and Reporting of Certain Defined Contribution Plan Investments and Other Disclosure Matters". This statement established standards for simplified disclosures for certain investments. The Plan adopted provisions of this statement for the Plan year ended December 31, 2000. As a result, disclosures made in the prior year for the separate fund information have been eliminated in these financial statements to be consistent with the current year presentation.

3

INVESTMENTS

The Trust Department of the Company, trustee of the Plan, maintains all of the Plan's investments and executes transactions therein.

The fair market values of individual assets that represent 5% or more of the Plan's net assets as of December 31, 2000 and 1999 are as follows:

	2000	1999

Franklin Financial Services Corporation Common Stock	\$ -	\$ 385,102
Vanguard Windsor II Mutual Fund	1,562,131	2,192,353
SEI Large Cap Growth Fund	386,709	-

During the years ended December 31, 2000 and 1999, the Plan's investments depreciated in fair value by \$ (310,216) and \$ (86,935), respectively, as follows:

	2000	1999

Common stock	\$ (308,770)	\$ 243,746
Corporate debt and equity securities	16,523	(12,409)
Mutual funds	(45,090)	(281,100)
Government securities	27,121	(37,172)

	\$ (310,216)	\$ (86,935)
	=====	

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4

 INCOME TAX STATUS

Although the Plan has received a favorable determination letter dated January 20, 1993, from the Internal Revenue Service, it has not been updated for the latest plan amendments. 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. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt through the year ended December 31, 2000.

5

 PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

6

 RELATED PARTY TRANSACTIONS

During the years ended December 31, 2000 and 1999, the Plan engaged in transactions with the Company's parent, Franklin Financial Services Corporation. During 2000 and 1999, the transactions included the purchase of the parent's stock in the amount of \$ 28,604 and \$ 50,063, respectively, and the sale of the parent's stock in the amount of \$ 26,079 and \$ 0, respectively. Also, the Plan held investments in Farmers and Merchants Trust Company (F&M) certificates of deposits totaling \$ 24,000 as of December 31, 2000 and 1999.

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FARMERS AND MERCHANTS TRUST COMPANY PROFIT-SHARING PLAN
 NOTES TO FINANCIAL STATEMENTS

7

 RECONCILIATION OF FINANCIAL STATEMENTS TO 5500

	DECEMBER 31,	
	2000	1999

Investments:		
Corporate debt and equity securities	\$ 2,390,370	\$ 2,246,617
	=====	
Form 5500, Schedule H, Part I:		
Item c(3)(B)	\$ 459,795	\$ 319,191
Item c(4)(B)	1,930,575	1,927,426

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2,390,370 \$2,246,617

Realized/unrealized gain and interest/
dividend income:
Net realized and unrealized appreciation in
value of investments \$ (310,216) \$ (86,935)
Interest and dividend income 330,908 393,819

\$ 20,692 \$ 306,884
=====

Form 5500, Schedule H, Part II:

Item b(1) (G) \$ 97,186 \$ 73,557
Item b(2) (C) 37,221 48,072
Item b(4) (C) 1,752 58,324
Item b(5) (c) (266,587) 149,082
Item b(10) 151,120 (22,151)

\$ 20,692 \$ 306,884
=====

Cash and short-term investments:

Dreyfus Treasury Prime Cash Management Fund \$ 455,552 \$ 178,798
SEI - Institutional Cash 14,401 5,508
Certificates of deposit 24,000 24,000

\$ 493,953 \$ 208,306
=====

Form 5500, Schedule H, Part I, Item c(1) \$ 493,953 \$ 208,306
=====

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FARMERS AND MERCHANTS TRUST COMPANY PROFIT-SHARING PLAN
SCHEDULE H, PART IV, LINE 4 - SCHEDULE OF ASSETS HELD FOR
INVESTMENT PURPOSES
EIN: 23-0570230
PN: 002

December 31, 2000

Description	Number Of Shares/ Par Value	Cost	Fair Value

Equities and Fixed Income Fund:			
Dreyfus Treasury Prime Cash Management Fund		\$ 80,960	\$ 80,960

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Certificates of deposit, F&M Trust, 5.95%, due 11/05/02	20,000	20,000 *
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Government securities:

U.S. Treasury note, 6.375%, due 3/31/01	5,000	5,011	5,005
U.S. Treasury note, 6.625%, due 7/31/01	10,000	10,066	10,053
U.S. Treasury note, 5.875%, due 11/30/01	25,000	24,844	25,070
U.S. Treasury note, 6.250%, due 1/31/02	50,000	50,000	50,406
U.S. Treasury note, 6.500%, due 5/31/02	25,000	25,125	25,383
U.S. Treasury note, 6.250%, due 6/30/02	10,000	9,994	10,131
U.S. Treasury note, 6.000%, due 7/31/02	10,000	9,941	10,106
U.S. Treasury note, 6.250%, due 8/31/02	20,000	19,987	20,307
U.S. Treasury note, 5.500%, due 5/31/03	20,000	19,462	20,163
U.S. Treasury note, 5.375%, due 6/30/03	90,000	87,244	90,506
U.S. Treasury note, 5.750%, due 8/15/03	25,000	24,476	25,375
U.S. Treasury note, 5.250%, due 5/15/04	50,000	47,891	50,156
U.S. Treasury note, 6.500%, due 5/15/05	75,000	75,000	79,125
U.S. Treasury note, 6.500%, due 8/15/05	10,000	9,900	10,575
U.S. Treasury note, 6.500%, due 10/15/06	65,000	64,789	69,367
Federal Home Loan Bank, 5.440%, due 10/15/03	70,000	66,762	69,716
Federal Home Loan Bank, 7.140%, due 6/06/01	5,000	5,041	5,020
Federal Home Loan Bank, 7.400%, due 9/21/06	25,000	24,664	25,195
FNMA, 6.340%, due 6/08/04	10,000	9,747	9,989
FNMA, 7.125%, due 3/15/07	10,000	9,975	10,669
FHLMC, 6.500%, due 1/15/23	9,188	8,465	8,930

608,384 631,247

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FARMERS AND MERCHANTS TRUST COMPANY PROFIT-SHARING PLAN
SCHEDULE H, PART IV, LINE 4 - SCHEDULE OF ASSETS HELD FOR
INVESTMENT PURPOSES (CONTINUED)

EIN: 23-0570230

PN: 002

December 31, 2000

Description	Number Of Shares/ Par Value	Cost	Fair Value
Equities and Fixed Income Fund (Continued):			
Corporate debt and equity securities:			
Bank of America, 6.625%, due 6/15/04	\$ 30,000	\$ 29,504	\$ 30,169

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First Chicago NBD BankOne, 7.000%, due 10/16/06	10,000	9,713	9,985
Ford Motor Credit, 7.500%, due 3/15/05	10,000	10,067	10,209
G.E. Corp., 6.500%, due 11/01/06	20,000	19,144	20,263
GMAC, 6.750%, due 6/15/06	25,000	24,164	24,919
GMAC, 7.125%, due 2/15/05	10,000	10,000	10,173
Household Financial Corp., 8.000%, due 5/09/05	75,000	74,304	78,717
JP Morgan & Co., Inc., 5.750%, due 2/25/04	10,000	9,494	9,820
Nationsbank Corp., 6.500%, due 8/15/03	10,000	9,816	9,998
Phillip Morris, 7.625%, due 5/15/02	10,000	9,959	10,032
Phillip Morris, 7.000%, due 7/15/05	40,000	37,912	39,698
Sears Roebuck, 6.125%, due 1/15/06	15,000	13,730	14,328
Tele-Comm Inc., 7.250%, due 8/01/05	40,000	39,704	40,673
Wells Fargo & Co., 6.625%, due 7/15/04	35,000	34,234	35,486
America On-line	601	43,238	20,915
Anheuser-Busch Co.	600	22,643	27,300
Automatic Data Processing, Inc.	1,000	53,875	63,313
B P Amoco PLC	554	32,859	26,523
BankAmerica Corp.	505	25,345	23,167
Bristol Myers Squibb Co.	1,616	103,727	119,483
Cisco Systems	2,400	128,550	91,800
Citigroup Inc.	924	48,986	47,182
Compaq Computer Corp.	1,500	40,594	22,575
Delphi Automotive Systems Corp.	174	2,741	1,958
Duke Energy Corp.	175	8,772	14,919
EMC Corp.	1,000	54,280	66,500
E.I. Dupont DeNemours & Co.	900	59,288	43,481
Equifax Inc.	1,775	48,089	50,920
Exxon Mobil Corp.	650	52,366	56,509
General Electric Co.	2,700	139,275	129,431
General Motors Corp.	250	18,172	12,734
H. J. Heinz Co.	500	19,906	23,719

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FARMERS AND MERCHANTS TRUST COMPANY PROFIT-SHARING PLAN
SCHEDULE H, PART IV, LINE 4 - SCHEDULE OF ASSETS HELD FOR
INVESTMENT PURPOSES (CONTINUED)

EIN: 23-0570230

PN: 002

December 31, 2000

Description	Number Of Shares/ Par Value	Cost	Fair Value

Equities and Fixed Income Fund (Continued):			
Corporate debt and equity securities (continued):			
Home Depot, Inc.	630 \$	31,050 \$	28,783

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Intel Corp.	3,600	148,162	108,225
Lowe's Companies, Inc.	550	32,533	24,475
Lucent Technologies, Inc.	800	60,000	10,800
Marriott Intl Inc.	250	7,891	10,563
MBNA Corp.	900	24,525	33,244
McDonald's Corp	600	22,873	20,400
Medtronic Inc	300	16,417	18,112
Merck & Co., Inc.	1,200	80,625	112,350
Microsoft Corp.	1,500	175,125	65,062
Morgan Stanley, Dean Witter & Co.	1,500	107,062	118,875
Nokia Corporation	1,320	63,051	57,420
Nortel Networks Corp.	300	16,736	9,619
Omnicom Group	300	25,230	24,862
Oracle Corp.	2,000	64,916	58,125
Pepsico, Inc	350	13,767	17,347
Procter and Gamble Co.	500	45,706	39,219
SBC Communications, Inc.	600	29,250	28,650
Schlumberger LTD	200	11,225	15,987
Target Corp.	600	21,217	19,350
Transocean SedCo Forex, Inc	38	1,451	1,748
Tyco International Ltd.	975	44,299	54,112
Unilever N.V.	724	39,413	45,567
Verizon Communications, Inc.	1,000	61,562	50,125
Wal-Mart Stores, Inc.	1,000	52,966	53,125
Walt Disney Company	550	16,088	15,916
Wells Fargo & Co.	695	28,104	38,703
Worldcom, Inc.	525	28,153	7,383
		2,503,848	2,275,046

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FARMERS AND MERCHANTS TRUST COMPANY PROFIT-SHARING PLAN
 SCHEDULE H, PART IV, LINE 4 - SCHEDULE OF ASSETS HELD FOR
 INVESTMENT PURPOSES (CONTINUED)
 EIN: 23-0570230
 PN: 002

December 31, 2000

Description	Number Of Shares/ Par Value	Cost	Fair Value
Equities and Fixed Income Fund (Continued):			
Mutual funds:			
Brandywine Fund, Inc.	1,538.450	\$ 58,076	\$ 45,215
Eaton Vance Institutional Floating Rate Fund	4,011.534	39,766	38,270
SEI International Equity Fund	2,189.711	31,131	24,941
Vanguard International Growth Fund	3,913.323	86,685	73,844

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		215,658	182,270
Total equities and fixed income fund		3,428,850	3,189,523
FFSC Stock and Fixed Income Fund:			
Dreyfus Treasury Prime Cash Management Fund		11,815	11,815
Government securities:			
U.S. Treasury note, 5.375%, due 6/30/03	10,000	9,694	10,056
Federal Home Loan Bank, 6.670%, due 4/06/01	5,000	5,009	5,006
Federal Home Loan Bank, 5.710%, due 10/01/03	10,000	9,600	9,925
Federal Home Loan Bank, 5.440%, due 10/15/03	10,000	9,537	9,960
FHLMC, 6.000%, due 3/09/04	10,000	9,628	9,947
Federal Home Loan Bank, 5.625%, due 5/10/04	25,000	23,758	24,758
Federal Home Loan Bank, 6.000%, due 2/03/06	10,000	9,413	9,866
Federal Home Loan Bank, 7.400%, due 9/21/06	10,000	9,866	10,078
FHLMC, 6.500%, due 1/15/23	4,287.950	3,950	4,167
		90,455	93,763

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FARMERS AND MERCHANTS TRUST COMPANY PROFIT-SHARING PLAN
SCHEDULE H, PART IV, LINE 4 - SCHEDULE OF ASSETS HELD FOR
INVESTMENT PURPOSES (CONTINUED)

EIN: 23-0570230

PN: 002

December 31, 2000

Description	Number Of Shares/ Par Value	Cost	Fair Value
FFSC Stock and Fixed Income Fund (Continued):			
Corporate debt and equity securities:			

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Bank of America, 6.625%, due 6/15/04	20,000	\$ 19,544	\$ 20,113
Nationsbank Corp., 6.500%, due 8/18/03	10,000	9,816	9,998
Phillip Morris Global, 7.000%, due 7/15/05	10,000	9,478	9,924
Sears Roebuck, 6.125%, due 1/15/06	10,000	9,153	9,552
Wells Fargo & Co., 6.625%, due 7/15/04	35,000	34,234	35,486
		-----	-----
		82,225	85,073
		-----	-----
Common stock, Franklin Financial Services Corp.	18,548	378,795	301,405 *
		-----	-----
Total FFSC stock and fixed income fund		563,290	492,056
		-----	-----
Fixed Income Fund: Dreyfus Treasury Prime Cash Management Fund		12,047	12,047
		-----	-----
Certificate of deposit, F&M Trust, 5.950%, due 11/05/02		4,000	4,000 *
		-----	-----
Government securities:			
U.S. Treasury note, 6.375%, due 3/31/01	5,000	5,011	5,005
U.S. Treasury note, 5.000%, due 4/30/01	25,000	24,633	24,938
U.S. Treasury note, 6.625%, due 7/31/01	9,000	9,059	9,048
U.S. Treasury note, 6.500%, due 5/31/02	5,000	5,025	5,076
U.S. Treasury note, 6.000%, due 7/31/02	5,000	4,970	5,053
U.S. Treasury note, 5.250%, due 5/15/04	25,000	23,946	25,078
U.S. Treasury note, 5.875%, due 11/15/05	10,000	10,217	10,341
Federal Home Loan Mortgage, due 3/24/03	10,000	9,933	10,131
Federal Home Loan Bank, due 5/24/05	10,000	10,000	10,306
FHLMC, 6.500%, due 1/15/23	4,287.950	3,950	4,167
		-----	-----
		106,744	109,143
		-----	-----

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FARMERS AND MERCHANTS TRUST COMPANY PROFIT-SHARING PLAN
SCHEDULE H, PART IV, LINE 4 - SCHEDULE OF ASSETS HELD FOR
INVESTMENT PURPOSES (CONTINUED)

EIN: 23-0570230

PN: 002

December 31, 2000

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Description	Number Of Shares/ Par Value	Cost	Fair Value

Fixed Income Fund (Continued):			
Corporate debt and equity securities:			
Bank of America, 6.625%, due 6/15/04	20,000	\$ 19,544	\$ 20,112
Wells Fargo & Co., 6.625%, due 7/15/04	10,000	9,781	10,139
		-----	-----
		29,325	30,251
		-----	-----
Total fixed income fund		152,116	155,441
		-----	-----
Equities Mutual Fund:			
Dreyfus Treasury Prime Cash Management Fund		4,885	4,885
Vanguard Windsor II Mutual Fund	57,431.282	1,436,989	1,562,131
		-----	-----
Total equities mutual fund		1,441,874	1,567,016
		-----	-----
Money Market Fund,			
Dreyfus Treasury Prime Cash Management Fund		337,900	337,900
		-----	-----
Global Equity Fund:			
SEI - Prime Obligation		14,401	14,401
		-----	-----
Equity mutual funds:			
SEI - Large Capital Growth	14,554.363	494,823	386,709
SEI - Large Capital Value	15,462.291	284,871	301,051
SEI - Small Capital Growth	2,877.358	72,265	50,843
SEI - Small Capital Value	1,910.462	27,701	31,217
SEI - International Equity Fund	17,045.298	230,763	194,146
		-----	-----
		1,110,423	963,966
		-----	-----
Total global equity fund		1,124,824	978,367
		-----	-----

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FARMERS AND MERCHANTS TRUST COMPANY PROFIT-SHARING PLAN
SCHEDULE H, PART IV, LINE 4 - SCHEDULE OF ASSETS HELD FOR
INVESTMENT PURPOSES (CONTINUED)

EIN: 23-0570230

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 December 31, 2000

Description	Number Of Shares/ Par Value	Cost	Fair Value

Index 500 Fund:			
Dreyfus Treasury Prime Cash Management Fund		\$ 7,945	\$ 7,945
Vanguard 500 Index Fund	629.449	84,432	76,705
		-----	-----
		92,377	84,650
		-----	-----
Participant loan, 9.75%		-	3,305
		-----	-----
Total assets held for investment purposes		\$ 7,141,231	\$ 6,808,258
		=====	=====

* Represents parties-in-interest.

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Administrative Committee of the Farmers and Merchants Trust Company Profit Sharing Plan has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized.

FARMERS AND MERCHANTS TRUST
 COMPANY PROFIT SHARING PLAN

Date: June 27, 2001

By /s/ Elaine G. Meyers

 Elaine G. Meyers
 Chief Financial Officer

EXHIBIT INDEX

THE FOLLOWING EXHIBITS ARE FILED AS PART OF THIS REPORT:

1. Consent of Beard Miller Company LLP