Note 9. Retirement Plans (Continued)

	2003	2002	2001
Funded status	**$ (3,797)**	$ (2,880)	$ (1,163)
Unrecognized net (gain) loss	**2,229**	1,505	(124)
Unrecognized prior service cost	**252**	283	315
Unrecognized net transition asset	**(9)**	(38)	(67)
Accrued benefit cost	**$ (1,325)**	$ (1,130)	$ (1,039)
Components of net periodic benefit costs:			
Service cost	**$ 486**	$ 420	$ 313
Interest cost	**615**	591	507
Expected return on plan assets	**(494)**	(582)	(640)
Amortization of prior service costs	**31**	31	31
Amortization of net gain	**32**	-	(102)
Amortization of net transition asset	**(29)**	(29)	(29)
Net periodic benefit cost	**$ 641**	$ 431	$ 80

The accumulated benefit obligation for the qualified retirement plan was $7,872, $6,551 and $5,399 at December 31, 2003, 2002 and 2001, respectively.

Weighted average assumptions used by the Company in the determination of benefit obligations at December 31, 2003, 2002 and 2001 were as follows:

	2003	2002	2001
Discount rate	**6.00%**	6.50%	7.00%
Rate of increase in compensation levels	**4.50%**	4.50%	5.00%

Weighted average assumptions used by the Company in the determination of net pension cost for the years ended December 31, 2003, 2002, and 2001 were as follows:

	2003	2002	2001
Discount Rate	**6.50%**	7.00%	7.50%
Rate of increase in compensation level	**4.50%**	5.00%	5.00%
Expected long-term rate of return on plan assets	**7.50%**	8.00%	8.00%

The Company's pension plan asset allocations based on market value at December 31, 2003 and 2002, by asset category were as follows:

Asset Category	**2003**	2002
Equity securities	**69.8%**	62.9%
Debt securities	**26.6%**	32.2%
Cash and cash equivalents	**3.6%**	4.9%
	100.0%	100.0%

Investment Policy

The investment policy of the Company's Pension Plan is for assets to be invested in a manner consistent with the fiduciary standards of ERISA. More specifically, the investment focus is to preserve capital which includes inflationary protection as well as protection of the principal amounts contributed to the Plan. Of lesser importance is the consistency of growth, which will tend to minimize the annual fluctuations in the normal cost. It is anticipated that growth of the fund will result from both capital appreciation and the re-investment of current income.

Contributions

The Company expects to contribute $0.5 million to the noncontributory defined benefit plan in 2004, and contributed $0.4 million in 2003, and $0.3 million in 2002.