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CAPITAL CITY BANK GROUP INC

Form 11-K

June 28, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 11-K

/ X / ANNUAL REPORT PURSUANT TO SECTION 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended: December 31, 2003
OR
/ / TRANSITION REPORT PURSUANT TO SECTION 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the transition period: N/A

Commission File Number 0-13358

A. Full title of the plan and the address of the plan, if different
from that of the issuer named below:

CAPITAL CITY BANK GROUP, INC. 401(k) Plan.

(Exact name of the plan)

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

CAPITAL CITY BANK GROUP, INC.

(Exact name of registrant as specified in its charter)

217 North Monroe Street, Tallahassee, Florida 32301

(Address of principal executive offices)

REQUIRED INFORMATION

The following financial statements shall be furnished for the plan:

Capital City Bank Group, Inc. 401(k) Plan ("Plan") is subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). Therefore, in lieu of the requirements of items 1-3 of form 11-K, the financial statements and schedule of the plan for the fiscal year ended December 31, 2003 have been prepared in accordance with the financial reporting requirements of ERISA.

CAPITAL CITY BANK GROUP, INC.
401(K) PLAN

Financial Statements and Schedule

December 31, 2003 and 2002

(With Report of Independent Registered Public Accounting Firm Thereon)

CAPITAL CITY BANK GROUP, INC.

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401(K) PLAN

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Report of Independent Registered Public Accounting Firm

To the Retirement Committee of
Capital City Bank Group, Inc.:

We have audited the 2003 and 2002 financial statements of Capital City Bank Group, Inc. 401(k) Plan (the "Plan") as listed in the accompanying table of contents. These financial statements are the responsibility of the Plan administrator. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 Plan as of December 31, 2003 and 2002, and the changes in net assets available for benefits for the year ended December 31, 2003 in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule H, Line 4i - Schedule of Assets (Held at End of Year) 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 Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan administrator. 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.

Orlando, Florida
June 21, 2004

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CAPITAL CITY BANK GROUP, INC.
401(K) PLAN

Statements of Net Assets Available for Benefits

December 31, 2003 and 2002

	2003	2002
	-----	-----
Assets:		
Cash	\$ 68,322	14
Investments, at fair value (note 3)	4,963,153	3,467,631
Participant contributions receivable	-	54,962
	-----	-----
	5,031,475	3,522,607
Liabilities - Excess contributions payable	24,087	33,896
	-----	-----
Net assets available for benefits	\$5,007,388	3,488,711
	=====	=====

See accompanying notes to financial statements.

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CAPITAL CITY BANK GROUP, INC.
401(K) PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2003

Additions:	
Contributions:	
Participant	\$ 887,848
Employer	32,259
Rollovers	71,873

Total contributions	991,980
Investment income:	
Net appreciation in fair value of investments (note 3)	845,110
Dividends and interest income	6,628

Total investment income	851,738

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Total additions	1,843,718

Deductions:	
Benefits paid to participants	(325,041)

Total deductions	(325,041)

Net increase in net assets available for benefits	1,518,677
Net assets available for benefits:	
Beginning of year	3,488,711

End of year	\$5,007,388
	=====

See accompanying notes to financial statements.

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CAPITAL CITY BANK GROUP, INC. 401(K) PLAN

Notes to Financial Statements

December 31, 2003 and 2002

(1) Description of the Plan

The following description of the Capital City Bank Group, Inc. 401(k) Plan (the Plan) provides general information only. More complete information regarding the Plan's provisions may be found in the Plan document.

(a) General

The Plan, established on October 1, 1997, effective retroactive to January 1, 1997, is a defined contribution retirement plan under the provisions of Section 401(a) of the Internal Revenue Code (the IRC), which includes a qualified deferred arrangement as described in Section 401(k) of the IRC. The Plan provides benefits to all eligible employees of Capital City Bank Group, Inc. (the Company). Employees of the Company who are 21 years of age or older become eligible to participate in the Plan at the time of employment. Employees may enter the Plan as of the January 1, April 1, July 1, or October 1 following the date upon which the employee becomes eligible to participate in the Plan.

(b) Plan Administration

The overall responsibility for administering the Plan rests with the Company. However, the Company has delegated administration of the Plan to the Retirement Committee (the Plan Administrator). The Plan's trustee, Capital City Trust Company (the Trustee), a subsidiary of the Company, is responsible for the management and control of the Plan's assets. Federated Investors, Inc. provides record-keeping services for the Plan.

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(c) Participant Contributions and Excess Contributions

Each year, participants may elect to contribute up to 30% of pretax annual compensation, as defined in the Plan and subject to certain limitations under the IRC. Participants may choose to change their deferral percentage at any time. Discretionary employer matching and profit-sharing contributions may be contributed to the Plan at the option of the Company's Board of Directors, subject to certain limitations. Excess contributions represent amounts in excess of the requirements of the IRC. Such excess contributions were remitted back to employees within 2 1/2 months of the Plan's year-end.

(d) Employer Matching Contributions

Effective January 1, 2003, the Company provided a 50% match on participant contributions of 6% or less. Only employees hired after January 1, 2002 are eligible for this match.

(e) Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of Plan earnings. Allocations of plan earnings are based on account balances, as defined in the Plan. Employer discretionary contributions are allocated among all participants in an amount equal to the ratio of the participant's compensation to the compensation of all participants for the plan year. Employer discretionary contributions are invested based on the participant's elective deferral.

(f) Investment Options

Participants can direct their contributions into 17 investment options. Participants can change their investment elections and balances daily via telephone voice response system, with their contributions being changed the next applicable payroll period.

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CAPITAL CITY BANK GROUP, INC. 401(K) PLAN

Notes to Financial Statements

December 31, 2003 and 2002

(g) Benefits Paid to Participants

Upon termination of service due to death, disability, retirement or other reason, a participant will receive a lump-sum amount equal to the value of the vested interest in his or her account. Participants may also receive a distribution while in service upon demonstration of financial hardship.

(h) Vesting

Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's matching and discretionary contribution portion of their accounts plus actual

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earnings thereon is based on years of continuous service. A participant is 100% vested after three years of credited service (on a cliff basis). Credited service is based on 1,000 hours of work in one year.

(i) Forfeitures

Forfeitures are used to reduce the employer contribution.

(2) Summary of Accounting Policies

(a) Basis of Accounting

The financial statements of the Plan are prepared under the accrual basis of accounting.

(b) 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 assets, liabilities, and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

(c) Investments

The Plan's investments are stated at fair value. Securities traded on a national securities exchange are valued at quoted market prices. The Company's common stock is valued at its quoted market price as listed on the NASDAQ national market under the ticker symbol CCBG.

The Plan's investments include funds, which invest in various types of investment securities and in various companies within various markets. Investments are exposed to several risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the Plan's financial statements and schedule.

(d) Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

(e) Plan Expenses

All plan expenses are paid by the Company.

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(f) Voting Rights

The Trustee is required to vote on behalf of the collective best interest of plan participants and beneficiaries, as instructed by the proxy statement.

(3) Investments

The investments of the Plan are held in a trust fund administered by the Trustee. Investments that represent 5% or more of the Plan's net assets available for benefits are separately identified as follows:

	2003	2002
	-----	-----
Investments at fair value:		
Federated Max-Cap Index Fund (63,728 and 60,158 shares)	\$ 1,431,972	1,070,228
Federated Treasury Obligations Fund (974,251 and 802,700 shares)	974,251	802,700
Capital City Bank Group, Inc. Common Stock (10,539 and 7,154 shares)	484,689	280,365
Federated Kaufman Fund (84,187 and 56,340 shares)	417,568	194,375
MFS International Value Fund A (17,899 shares)	353,146	-
Federated Capital Appreciation Fund (13,600 and 10,829 shares)	324,628	209,765
Federated International Equity Fund (18,693 shares)	-	215,167

During the year ended December 31, 2003, the Plan's investments, including gains and losses on investments bought and sold as well as held during the year, appreciated in value as follows:

Mutual funds	\$ 693,122	
Capital City Bank Group, Inc. Common Stock	151,988	

Net depreciation in fair value of investments	\$ 845,110	
	=====	

(4) Plan Termination

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974. In the event of plan termination, participants would become 100% vested in their accounts.

(5) Tax Status

The Internal Revenue Service issued a determination letter dated November 19, 2001, stating that the Plan was designed in accordance with applicable IRC requirements as of that date. Though the Plan has been amended since the date of such letter, the Plan administrator believes the Plan continues to be designed and is being operated in compliance

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with the applicable requirements of the IRC.

(6) Related Parties

The Plan owns 10,539 and 7,154 shares of the Company's stock at December 31, 2003 and 2002, respectively, which represents approximately 0.08% and 0.07% of the outstanding common stock of the Company.

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CAPITAL CITY BANK GROUP, INC. 401(K) PLAN

Notes to Financial Statements

December 31, 2003 and 2002

The Trustee is a subsidiary of the Company. The Trustee's fees are paid by the Company.

(7) Reconciliation to Form 5500

As of December 31, 2003, the Plan had \$3,103 of pending distributions to participants who elected distributions from the Plan. These amounts were recorded as a liability in the Plan's Form 5500 as of December 31, 2003, however they will not be recorded as benefits paid in the accompanying statement of net assets available for benefits until 2004.

The following table reconciles net assets available for benefits on the financial statements to the Form 5500 as filed by the Company for the years ended December 31, 2003 and 2002:

	Benefits paid -----	Net assets available for benefits - 2003 -----	Net assets available for benefits - 2002 -----
Amount on financial statements	\$ 325,041	5,007,388	3,488,711
2003 amounts pending distributions to participants	3,103	(3,103)	-
Balance on Form 5500	\$ 328,144 =====	5,004,285 =====	3,488,711 =====

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CAPITAL CITY BANK GROUP, INC.
401(k) PLAN

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

December 31, 2003

Identity of
Party involved

Description of investment

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* Federated Investors, Inc.	Mutual Funds: Federated Max-Cap Index Fund, 63,728 shares Federated Treasury Obligations Fund, 974,251 shares Federated Kaufman Fund, 84,187 shares Federated Capital Appreciation Fund, 13,600 shares Federated Total Return Bond Fund, 20,382 shares Federated Stock Trust Fund, 4,072 shares Federated U.S. Gov. Sec. 2-5 Years, 9,991 shares Federated Mid Cap Index, 2,915 shares Federated High Income Bond Fund, 2,137 shares Federated Income Trust, 534 shares
* Capital City Bank Group, Inc.	Capital City Bank Group, Inc., Common Stock, 10,539 shares
MFS Investment Management	MFS International Value Fund A, 17,899
Janus Capital Group, Inc.	Janus Advisor Capital Appreciation, 9,284 shares
American Century Investment Management, Inc.	American Century Strategic Allocation Fund: Moderate, 15,45 American Century Strategic Allocation Fund: Aggressive, 7,2 American Century Strategic Allocation Fund: Conservative, 1
Turner Investment Partners, Inc.	Turner Small Cap Value Fund, 3,070 shares

* Represents a party in interest.

See accompanying report of independent registered public accounting firm.

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EXHIBIT INDEX

Exhibit No.	Document
-----	-----
23	Consent of Independent Registered Public Accounting Firm

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or 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.

CAPITAL CITY BANK GROUP, INC. Profit Sharing 401(k) Plan

By: Capital City Trust Company, Trustee

By: /s/ Randolph M. Pople

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Randolph M. Pople, President