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CAPITAL CITY BANK GROUP INC

Form 11-K

July 14, 2005

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, 2004
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, 2004 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, 2004 and 2003

(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

The Retirement Committee of
Capital City Bank Group, Inc.:

We have audited the 2004 and 2003 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 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 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, 2004 and 2003, and the changes in net assets available for benefits for the year ended December 31, 2004 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 Schedule H, Line 4i - Schedule of Assets (Held at End of Year) and Schedule H, Line 4j - Schedule of Reportable Transactions are presented for purposes of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of

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1974. These supplemental schedules are the responsibility of the Plan administrator. The schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG, LLP
June 10, 2005

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

Statements of Net Assets Available for Benefits

December 31, 2004 and 2003

	2004	2003
	-----	-----
Assets:		
Cash	\$ 5,279	68,322
Investments, at fair value (cost \$6,061,368 and \$4,701,194 at December 31, 2004 and 2003, respectively) (note 3)	6,517,312	4,963,153
Participant contributions receivable	89,242	-
Employer contribution receivable	38,517	-
	-----	-----
	6,650,350	5,031,475
Liabilities:		
Excess contributions payable	2,215	24,087
	-----	-----
Net assets available for benefits	\$6,648,135	5,007,388
	=====	=====

See accompanying notes to financial statements.

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

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2004

Additions:

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Contributions:	
Participant	\$1,070,725
Employer	98,281
Rollovers	126,191

Total contributions	1,295,197

Investment income:	
Net appreciation in fair value of investments (note 3)	476,574
Dividends and interest income	9,168

Total investment income	458,742

Total additions	1,780,939

Deductions:	
Benefits paid to participants	140,192

Total deductions	140,192

Net increase in net assets available for benefits	1,640,747
Net assets available for benefits:	
Beginning of year	5,007,388

End of year	\$6,648,135
	=====

See accompanying notes to financial statements.

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

Notes to Financial Statements

December 31, 2004 and 2003

(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

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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 is intended to provide 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 on the first day of the month coinciding with or next following the date on 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.

(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 limitations imposed by 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.

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December 31, 2004 and 2003

(f) Investment Options

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

(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 earnings thereon is based on years of continuous service. A participant is 100% vested in the Company's matching and discretionary contributions, and related earnings thereon, 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. Forfeitures during the years ended December 31, 2004 and 2003 were \$2,075 and \$2,763, respectively.

(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 requires management to make estimates and assumptions related to the reported amounts of assets, liabilities, and changes therein and the 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

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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 schedules.

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

Notes to Financial Statements

December 31, 2004 and 2003

(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.

(f) Voting Rights

The Trustee is required to vote shares of Company stock 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:

	2004	2003
	-----	-----
Investments at fair value:		
Federated Max-Cap Index Fund (75,806 and 63,728 shares)	\$ 1,853,455	1,431,972
Federated Treasury Obligations Fund (1,178,996 and 974,251 shares)	1,178,996	974,251
Capital City Bank Group, Inc. Common Stock (13,370 and 10,539 shares)	558,866	484,689
Federated Kaufman Fund (115,626 and 84,187 shares)	619,753	417,568
MFS International Value Fund A (0 and 17,899 shares)	-	353,146
Federated Capital Appreciation Fund (17,745 and 13,600 shares)	449,847	324,628
Euro Pac Growth Fund (15,773 and 0 shares)	556,140	-

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During the year ended December 31, 2004, 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	\$ 518,006
Capital City Bank Group, Inc. Common Stock	(41,432)

Net appreciation in fair value of investments	\$ 476,574
	=====

(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 all of their accounts.

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

Notes to Financial Statements

December 31, 2004 and 2003

(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 Sponsor and its counsel believe that the Plan document continues to conform to applicable IRC requirements. The Plan Sponsor and its counsel believe that the Plan has operated in compliance with the Plan document, except that beginning in the 2003 Plan Year, eligibility to participate for certain new employees was incorrectly determined. Legal counsel has opined that the operational deficiency can be corrected and will not adversely affect the Plan's tax qualification. The correction will be made by a contribution from the Plan Sponsor. The Plan Sponsor has estimated that the required corrective contribution will approximate \$32,000. Such amount has been reflected as an employer contribution receivable in the accompanying statement of net assets available for benefits as of December 31, 2004.

(6) Related Parties

The Plan owns 13,370 and 10,539 shares of the Company's common stock at December 31, 2004 and 2003, respectively, which represents approximately 0.09% and 0.08% of the outstanding common stock of the Company.

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

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(7) Reconciliation to Form 5500

As of December 31, 2004, the Plan had no pending distributions to participants who elected distributions from the Plan.

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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, 2004

Identity of Party involved -----	Description of investment -----
	Mutual Funds:
* Federated Investors, Inc.	Federated Max-Cap Index Fund, 75,806 shares Federated Treasury Obligations Fund, 1,178,996 shares Federated Kaufman Fund, 115,626 shares Federated Capital Appreciation Fund, 17,745 shares Federated Total Return Bond Fund, 23,016 shares Federated Stock Trust Fund, 5,479 shares Federated U.S. Gov. Sec. 2-5 Years, 7,364 shares Federated Mid Cap Index, 4,030 shares Federated High Income Bond Fund, 3,851 shares Federated Income Trust, 1,061 shares
* Capital City Bank Group, Inc.	Capital City Bank Group, Inc., Common Stock, 13,370 shares
American Funds	Euro Pac Growth Funds, 15,773 shares
Janus Capital Group, Inc.	Janus Advisor Capital Appreciation Fund, 11,301 shares
American Century Investment Management, Inc.	American Century Strategic Allocation Fund: Moderate, 18,46 American Century Strategic Allocation Fund: Aggressive, 5,2 American Century Strategic Allocation Fund: Conservative, 2
Constellation Clover	Small Cap Value Fund, 6,478 shares

* Represents a party in interest.

See accompanying report of independent registered public accounting firm.

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

Schedule H, Line 4j - Schedule of Reportable Transactions

Year ended December 31, 2004

The transactions set forth below are those which involve an amount in excess of five Percent of the fair value of the Plan's assets at the beginning of the year.

Description of assets -----	Purchase price -----	Selling price -----	Cost of investment -----	N o -----
Single Transactions:				
MFS International Value Fund	-	553,730	402,492	
Euro Pac Growth Fund	555,730	-	555,730	

See accompanying report of independent registered public accounting firm.

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

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By: /s/ Randolph M. Pople

Randolph M. Pople, President