

CAPITAL CITY BANK GROUP INC
Form 11-K
June 29, 2011
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

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

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __ to __

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.

217 North Monroe Street

Tallahassee, Florida 32301

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, 2010 have been prepared in accordance with the financial reporting requirements of ERISA.

CAPITAL CITY BANK GROUP, INC.

401(k) PLAN

FINANCIAL STATEMENTS

December 31, 2010 and 2009

Tallahassee, Florida

FINANCIAL STATEMENTS

December 31, 2010 and 2009

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Retirement Committee of

Capital City Bank Group, Inc.

Tallahassee, Florida

We have audited the accompanying statements of net assets available for benefits of Capital City Bank Group, Inc. 401(k) Plan (the Plan) as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. 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 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, 2010 and 2009, and the changes in net assets available for benefits for the year ended December 31, 2010 in conformity with U.S. generally accepted accounting principles.

Our audit was conducted 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 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. The supplemental 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 2010 financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic 2010 financial statements taken as a whole.

s/s Crowe Horwath LLP

Crowe Horwath LLP

South Bend, Indiana

June 28, 2011

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

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash	\$ 2,314	\$ 160
Investments, at fair value (Note 3)	19,111,360	16,303,354
Receivables		
Participant contribution receivable	1,000	
Dividends receivable	<u>531</u>	<u>10,671</u>
	<u>1,531</u>	<u>10,671</u>
TOTAL AND NET ASSETS AVAILABLE FOR BENEFITS	\$ 19,115,205	\$16,314,185

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, 2010

Additions to net assets attributed to:

Investment income	
Net appreciation in fair value of investments (Note 3)	\$ 1,221,485
Dividends and interest income	<u>252,604</u>
	1,474,089

Contributions

Participant	1,728,903
Employer	366,289
Rollover	<u>35,320</u>
	<u>2,130,512</u>

Total additions	3,604,601
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Deductions from net assets attributed to:

Benefits paid to participants	773,465
Plan expenses	<u>30,116</u>

Total deductions	<u>803,581</u>
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Net increase	2,801,020
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Net assets available for benefits	
Beginning of year	<u>16,314,185</u>

End of year	\$ 19,115,205
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See accompanying notes to financial statements.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 1 - DESCRIPTION OF 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.

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 is intended to provide benefits to all eligible employees of Capital City Bank Group, Inc. (the "Company"). Employees of the Company 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.

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.

Participant Contributions: Each year, participants may elect to contribute up to 100% 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. The Plan also includes an automatic contribution arrangement that applies to new participants or re-hired participants as they enter the Plan. The automatic deferral amount is 3 percent of eligible compensation. Participants who do not wish to be automatically enrolled may elect not to defer or to defer another percentage. The Plan also allows participants who reach the age of 50 during the taxable year to make catch-up contributions. Catch-up contributions are 401(k) elective deferral contributions in excess of any limit on such contributions under the Plan.

Employer Contributions: For 2010, the Company provided a 50% match on participant contributions of 6% or less. Only employees hired after January 1, 2002 and have completed 90 days of service are eligible for this match. No additional discretionary employer contributions were made for 2010.

Participant Accounts: Each participant's account is credited with the participant's contribution, the Company matching contributions, and allocations of Plan earnings based on the participant's investment elections, administrative expenses, and is charged with his or her withdrawals. Allocations are based on account balances, as defined in the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Each participant directs the investment of his or her account to any of the investment options available under the Plan.

Investment Options: Participants can direct their contributions into 25 investment options. Participants can change their investment elections and balances daily by way of internet, with their contributions being changed the next trading day.

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.

Retirement, Death and Disability: A participant becomes fully vested in his or her account balance upon retirement, death or disability.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 1 - DESCRIPTION OF PLAN (Continued)

Vesting: Participants are immediately vested in their contributions plus actual earnings thereon. Vesting in the Company's matching 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 for vesting purposes requires 1,000 hours during the plan year.

Forfeitures: Forfeitures are used to reduce the employer contribution. Forfeitures were immaterial for 2010 and 2009.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting: The financial statements of the Plan are prepared under the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Payment of Benefits: Benefits are recorded when paid.

Risks and Uncertainties: The Plan holds various investment securities, including Company common stock. The fair value of Company stock held by the Plan was \$1,131,518 and \$1,018,735 at December 31, 2010 and 2009 respectively, representing 6% of net assets available for benefits. Investment securities are exposed to various risks such as interest rate, market, liquidity and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the fair 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.

Investment Valuation and Income Recognition: The Plan's investments are reported at fair value. 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.

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Fair value is the price that would be received by the Plan for an asset or paid by the Plan to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the Plan's principal or most advantageous market for the asset or liability. The effect of a change in valuation technique or its application on a fair value estimate is accounted for prospectively as a change in accounting estimate. When evaluating indications of fair value resulting from the use of multiple valuation techniques, the Plan is to select the point within the resulting range of reasonable estimates of fair value that is most representative of fair value under current market conditions. Fair value measurements are determined by maximizing the use of observable inputs and minimizing the use of unobservable inputs. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and gives the lowest priority to unobservable inputs (level 3 measurements). The three levels of inputs within the fair value hierarchy are defined as follows:

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Plan has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect the Plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

The following are descriptions of the valuation methods and assumptions used by the Plan to estimate the fair values of investments held directly by the Plan.

Mutual funds: The fair values of mutual fund investments are determined by obtaining quoted prices on nationally recognized security exchanges (Level 1 inputs).

Company common stock: Investments in Company common stock are valued by obtaining quoted prices on a national recognized security exchanges (Level 1 inputs).

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while 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.

Investments measured at fair value on a recurring basis are summarized below:

Fair Value Measurements

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	<u>at December 31, 2010 Using</u> Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Unobservable Inputs <u>(Level 3)</u>
Mutual funds			
Money market	\$5,607,574	\$ -	\$-
Fixed income	2,088,438	-	-
Balanced funds	274,112	-	-
Large cap domestic equities	3,282,322	-	-
Mid cap domestic equities	1,516,054	-	-
Small cap domestic equities	720,853	-	-
Real estate domestic equities	234,189	-	-
Growth domestic equities	1,455,506	-	-
Diversified domestic equities	65,330	-	-
Indexed domestic equities	886,307	-	-
International equities	<u>1,849,157</u>	-	-
Total mutual funds	17,979,842	-	-
Company common stock	1,131,518	-	-

There were no transfers between levels in 2010.

(Continued)

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements
at December 31, 2009 Using

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds			
Money market	\$	5,362,098	\$ -
Fixed income	3,681,973	-	-
Balanced funds	163,417	-	-
Domestic equities	4,679,708	-	-
International equities	<u>1,397,423</u>	-	-
Total mutual funds	15,284,619	-	-
Company common stock	1,018,735	-	-

NOTE 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:

	<u>December 31,</u> <u>2010</u>	<u>2009</u>
Investments at fair value		
Vanguard Prime Obligation Fund (5,546,902 and 5,314,573 shares)	\$ 5,546,902	\$5,314,573
Vanguard Index 500 Fund (27,304 and 25,008 shares)	2,612,478	2,120,921
American Fund Europacific Fund (36,332 and 33,999 shares)	1,500,855	1,301,472
Capital City Bank Group, Inc. Common Stock ⁽¹⁾ (89,803 and 73,608 shares)	1,131,518	1,018,735

⁽¹⁾ Party-in-interest

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During the year ended December 31, 2010 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	\$ 1,313,769
Company common stock	<u>(92,284)</u>
Net appreciation in fair value of investments	\$ 1,221,485

(Continued)

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE 4 RIGHTS UPON 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 the Employee Retirement Income Security Act of 1974. In the event of plan termination, participants would become 100% vested in their employer contributions and earnings thereon.

NOTE 5 - TAX STATUS

The Internal Revenue Service issued an opinion letter dated March 31, 2008 indicating that the prototype adopted by the Plan, as then designed, was in compliance with applicable requirements of the Internal Revenue Code. Although the Plan has been amended from the original prototype document, Plan management believes that the Plan is currently being operated in accordance with the Internal Revenue Code.

NOTE 6 PARTY IN INTEREST TRANSACTIONS

Parties-in-interest are defined under Department of Labor regulations as any fiduciary of the Plan, any party rendering service to the plan, the employer, and certain others. The Plan owns 89,803 and 73,608 shares of the Company's common stock at December 31, 2010 and 2009, respectively, which represents approximately .53% and .43% of the outstanding common stock of the Company. Dividend income of \$39,453 was recognized during 2010 from the Plan's investment in the Company's common stock. This investment qualifies as a party-in-interest investment. The Trustee is a subsidiary of the Company. Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan. Some administrative expenses of the Plan are absorbed by the Company.

NOTE 7 PLAN AMENDMENTS

There were no Plan amendments for the 2010 plan year.

SUPPLEMENTAL SCHEDULE

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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, 2010

Name of plan sponsor: Capital City Bank Group, Inc.

Employer identification number: 59-2273542

Three-digit plan number: 003

(a)	(b) Identity of Issuer, 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
	Vanguard	Mid-Cap Index, 13,516 shares		\$393,170
	Vanguard	Total Bond Index, 40,458 shares		428,852
	DWS Reef	Real Estate Securities Fund, 8,851 shares		156,390
	American Funds	High Income Fund, 25,500 shares		287,383
	Vanguard	Developed Market Index Fund, 12,026 shares		120,983
	DWS Dreman	Small Cap Fund, 5,165 shares		193,108
	Blackrock	Mid-Cap Value Fund, 21,666 shares		255,441
	American Funds	Small-Cap Fund, 5,798 shares		227,320
	Van Kampen Funds	Equity Fund, 31,911 shares		274,112
	Goldman Sachs	Structured U.S. Equity Fund, 2,739 shares		65,330

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SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2010

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Employer identification number: 59-2273542

Three-digit plan number: 003

<u>(a)</u>	<u>(b)</u> Identity of Issuer, Borrower, Lessor, or Similar Party	<u>(c)</u> Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	<u>(d)</u> **Cost	<u>(e)</u> Current Value
	T Rowe Price	Real Estate Retail Shares, 4,446 shares		\$77,798
	Vanguard	Inflation Protected Reinvestment, 1,101 shares		14,311
	Vanguard	Prime Obligation Fund, 5,546,902 shares		5,546,902
	Vanguard	Index 500 Fund, 27,304 shares		2,612,478
	American Funds	Europacific, 36,332 shares		1,500,855
	American Funds	Fundamental Growth, 16,572 shares		608,355
	American Funds	Growth Fund of America, 27,876 shares		847,150
	Royce	Premier Investment, 25,756 shares		527,745
	Select	Selected American Shares, 16,176 shares		669,845
	Vanguard	Total Stock Market, 28,083 shares		886,307

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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, 2010

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Employer identification number: 59-2273542

Three-digit plan number: 003

<u>(a)</u>	<u>(b)</u> Identity of Issuer, Borrower, Lessor, or Similar Party	<u>(c)</u> Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or <u>Maturity Value</u>	<u>(d)</u> <u>**Cost</u>	<u>(e)</u> Current <u>Value</u>
	Dreyfus Fund	Bond Market Index, 39,671 shares		\$418,922
	Van Kampen	Mid-Cap Growth, 28,742 shares		000
	Federated	Total Return Bond, 84,212 shares		938,385
	Goldman Sachs	Financial Square Prime Obligations, 60,672 shares		60,673
*	Capital City Bank Group, Inc.	Capital City Bank Group, Inc. common stock, 89,803 shares		<u>1,131,518</u>
				\$19,111,360

* Represents party-in-interest

** Investment is participant directed; therefore historical cost is not required.

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

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Document</u>
23.1	Consent of Crowe Horwath LLP

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other 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
Randolph M. Pople, President

Dated: June 29, 2011