

FIRST CITIZENS BANCSHARES INC /TN/  
Form 11-K  
June 28, 2006

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 11-K

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

For the Year Ended December 31, 2005

First Citizens National Bank Employee Stock Ownership Plan and Trust and  
Payroll Stock Ownership Plan  
(Full title of the Plan)

First Citizens Bancshares, Inc.  
(Name of issuer of the securities held pursuant to the Plan)

First Citizens Place, Dyersburg, TN 38024  
(Address of principal executive office)

#### REQUIRED INFORMATION

1. An audited statement of financial condition as of the end of the latest two fiscal years of the plan.
2. An audited statement of income and changes in plan equity for each of the latest three fiscal years of the plan.
3. The statements required in items 1 and 2 are prepared in accordance with U. S. generally accepted accounting principles and for the fair presentation of the accompanying supplemental schedules in conformity with the Department of Labor's Rules and Regulations and Disclosure under the Employment Retirement Income Security Act of 1974.
4. Signatures

---

FIRST CITIZENS NATIONAL BANK  
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST AND  
PAYROLL STOCK OWNERSHIP PLAN  
REPORT ON AUDITS OF FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

#### CONTENTS

Page

1

Report of Independent Registered Public  
Accounting Firm

Statements of Net Assets Available for Plan  
Benefits

2

Statements of Changes in Net Assets Available  
for Plan Benefits

3

Notes to Financial Statements

4-7

Auditors' Report on Supplemental Schedules

9

10-11

Signatures

---

185 N. Church Street  
Telephone: (731) 285-7900  
Dyersburg, TN 38024  
(800) 608-5612

Fax: (731) 285-6221

of:

Accountants

AICPA

Accountants

Firms

AICPA

[www.atacpa.net](http://www.atacpa.net)

Members

American Institute of Certified Public

Governmental Audit Quality Center

Tennessee Society of Certified Public

Center for Public Company Audit

Employee Benefit Plan Audit Quality

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Trustees of First Citizens National Bank  
Employee Stock Ownership Plan and Trust  
and Payroll Stock Ownership Plan

We have audited the accompanying statements of net assets available for plan benefits of First Citizens National Bank Employee Stock Ownership Plan and Trust and First Citizens National Bank Payroll Stock Ownership Plan as of December 31, 2005 and 2004, and the related statements of changes in net assets available for plan benefits

for the years then ended. 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 standards of the Public Company 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 plan benefits of First Citizens National Bank Employee Stock Ownership Plan and Trust and First Citizens National Bank Payroll Stock Ownership Plan as of December 31, 2005 and 2004, and the changes in net assets available for plan benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ ALEXANDER THOMPSON ARNOLD  
 Alexander Thompson Arnold, PLLC  
 Dyersburg, Tennessee  
 June 7, 2006

-1-

FIRST CITIZENS NATIONAL BANK EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST AND PAYROLL STOCK OWNERSHIP PLAN STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS DECEMBER 31, 2005 AND 2004				
	2005		2004	
	ESOP Allocated	PAYSOP Allocated	ESOP Allocated	PAYSOP Allocated
<b>ASSETS</b>				
Investments, at fair value				
U.S. Government Securities	\$ 1,883,064	\$	\$ 944,595	\$
Federated Auto Trust	1,224,116	21,490	1,968,650	22,089
Corporate Stock	23,880,028	122,602	22,032,313	116,306
Mutual Funds	<u>248,840</u>	<u>          </u>	<u>228,741</u>	<u>          </u>
Total Investments	27,236,048	144,092	25,174,299	138,395
Employer contribution receivable	173,837		277,353	
Certificate of Deposit	198,000		397,000	
Accrued interest receivable	<u>14,886</u>	<u>          </u>	<u>5,046</u>	<u>          </u>
Total Assets	<u>27,622,771</u>	<u>144,092</u>	<u>25,853,698</u>	<u>138,395</u>
Net Assets Available for Plan Benefits	\$ 27,622,771	\$ 144,092	\$ 25,853,698	\$ 138,395
	=====	=====	=====	=====

See accompanying notes to financial statements.

-2-

FIRST CITIZENS NATIONAL BANK  
EMPLOYEE STOCK OWNERSHIP PLAN  
AND  
TRUST AND PAYROLL STOCK OWNERSHIP PLAN  
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS  
DECEMBER 31, 2005 AND 2004

	2005		2004	
	ESOP Allocated	PAYSOP Allocated	ESOP Allocated	PAYSOP Allocated
<b>INCOME</b>				
Investment income:				
Net unrealized appreciation (depreciation)	\$ 1,220,380	\$ 6,297	\$ 2,038,924	\$ 10,742
in market value of investments				
Interest	62,023		19,191	
Dividends	841,885	4,776	809,684	4,391
Other Income		-		159
Employer's contribution	<u>773,837</u>	<u>-</u>	<u>679,705</u>	<u>-</u>
Total Income	<u>2,898,125</u>	<u>11,073</u>	<u>3,547,504</u>	<u>15,292</u>
<b>DEDUCTIONS</b>				
Distributions to participants	1,123,552	5,376	731,282	3,814
Other expense			159	
Realized loss on investments			1,184	
Professional fees	<u>5,500</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total Deductions	<u>1,129,052</u>	<u>5,376</u>	<u>737,625</u>	<u>3,814</u>
Net Increase (Decrease)	1,769,073	5,697	2,809,879	11,478
Net assets available for plan benefits:				
Beginning of year	<u>25,853,698</u>	<u>138,395</u>	<u>23,043,819</u>	<u>126,917</u>
End of year	<u>\$27,622,771</u>	<u>\$ 144,092</u>	<u>\$25,853,698</u>	<u>\$ 138,395</u>
	=====	=====	=====	=====

See accompanying notes to financial statements.

-3-

FIRST CITIZENS NATIONAL BANK  
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST  
AND PAYROLL STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004

Note 1 - Summary of Significant Accounting Policies

The significant accounting policies of First Citizens National Bank Employee Stock Ownership Plan and Trust and Payroll Stock Ownership Plan are summarized as follows:

Basis of Accounting

The financial statements are presented on the accrual basis of accounting.

Investments

Investments are presented at fair market value as of the balance sheet date. Fair market value of investments which have no quoted market price is determined by independent appraisal.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Note 2 - Plan Description

The First Citizens National Bank Employee Stock Ownership Plan and Trust was adopted by the Board of Directors of First Citizens National Bank effective October 1, 1984. The Plan provides for contributions equal to 10% of covered compensation prior to October 1, 2000. After that date contributions equal 7% of compensation. An additional contribution may be made as determined by the Board of Directors of the Bank not to exceed that amount allowed as a deduction annually by the Internal Revenue Code. The Plan provides for participation by all employees of First Citizens National Bank who have completed a year of service by the last day of a given plan year and who are at least twenty-one (21) years old. The employer contribution for that plan year shall be allocated to the participants based on the proportion which a participant's compensation during such year bears to the total compensation for that year of all participants.

Benefits are paid to a participant upon retirement at the normal retirement age of sixty-five (65), or at such later date as the participant may elect to retire or upon total and permanent disability prior to age sixty-five (65) to the extent of his or her entire interest in the Trust Fund. Benefits are payable to a participant's beneficiary in the event of a participant's death at any time to the extent of his or her entire interest in the Trust Fund.

Benefits payable to a participant whose employment terminates prior to retirement are determined by a vesting schedule based on completed years of service with the employer. Prior to January 1, 1989, vesting began at forty (40) percent after completion of four years of service and increased proportionately to one hundred percent after completion of ten (10) years of service. After December 31, 1988, vesting begins at twenty (20) percent after completion of three (3) years of service and increases proportionately to one hundred percent after completion of seven (7) years of service. Effective January 1, 1999, the plan was amended to change the vesting schedule. The amendment provides for 100% vesting after completion of five (5) years of service. Participants with less than seven years of service at January 1, 1999, may elect to be vested according to the pre-amendment vesting schedule.

-4-

---

Note 2 - Plan Description (Continued)

Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company stock into investments which are more diversified. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account.

Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25 percent of the number of post-1986 shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50 percent. Participants who elect to diversify receive a cash distribution.

Since the principal purpose of the plan is to provide benefits at normal retirement age, the principal goal of the investment of the funds in the plan should be both security and long-term stability with moderate growth commensurate with the anticipated retirement dates of participants. Investments, other than "fixed dollar" investments, should be included among the plan's investments to prevent erosion by inflation. However, investments should be sufficiently liquid to enable the plan, on short notice, to make some distributions in the event of the death or disability of a participant.

The First Citizens National Bank Payroll Stock Ownership Plan (PAYSOP) was enacted effective January 1, 1985. Contributions, based on payroll, were made to this plan for plan years December 31, 1985 and 1986. For plan years beginning after December 31, 1986, all contributions ceased. A wasting trust is maintained so distributions of benefits attributable to the PAYSOP may be made. Since January 1, 1987, separate accounts have been maintained for participants with a PAYSOP balance at December 31, 1986. No further contributions will be made to these accounts. The financial statements of the PAYSOP are prepared on the liquidation basis of accounting.

Tax Status

The Internal Revenue Service has determined and informed the Employer by a letter dated May 21, 1996, that the plans are qualified and the trust established under the plan is tax-exempt under the appropriate sections of the Internal Revenue Code.

Note 3 - Concentration of Credit Risk

A substantial portion of the assets of the First Citizens National Bank Employee Stock Ownership Plan and Trust and Payroll Stock Ownership Plan is invested in common stock of the Employer.

Although the Employer has a diversified loan portfolio, a significant portion of its portfolio is agriculture related. Their debtors' ability to honor their contracts, and therefore the welfare of the Employee Stock Ownership Plan's investment, is dependent upon the agribusiness economy of the area.

Note 4 - 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. In the event of plan termination, participants will become 100 percent vested in their accounts.

-5-

Note 5 - Securities

At December 31, 2005 and 2004, investment securities consisted of the following:

**Employee Stock Ownership Plan and Trust**  
**December 31, 2005**

	<b>Number of Shares</b>		<b>Fair Market Value</b>	
	<u>Allocated</u>	<u>Unallocated</u>	<u>Allocated</u>	<u>Unallocated</u>
First Citizens Bancshares, Inc.				
Common stock	721,451.00	-0-	\$23,880,028	\$ -0-
Federated Auto Trust	1,224,116.00	-0-	1,224,116	-0-
U.S. Government Securities	1,900,000.00	-0-	1,883,064	-0-
Mutual Funds	5,690.99	-0-	248,840	-0-

**December 31, 2004**

	Number of Shares		Fair Market Value	
	<u>Allocated</u>	<u>Unallocated</u>	<u>Allocated</u>	<u>Unallocated</u>
First Citizens Bancshares, Inc.				
Common stock	701,666.00	-0-	\$22,032,313	\$ -0-
Federated Auto Trust	1,968,650.08	-0-	1,968,650	-0-
Fidelity	950,000.00	-0-	944,595	-0-
U.S. Government Securities	5,344.97	-0-	228,741	-0-

**Payroll Stock Ownership Plan**

**December 31, 2005**

	Number of Shares		Fair Market Value	
	<u>Allocated</u>	<u>Unallocated</u>	<u>Allocated</u>	<u>Unallocated</u>
First Citizens Bancshares, Inc.				
Common stock	3,704.00	-0-	\$ 122,602	\$ -0-
Federated Auto Trust	21,490.00	-0-	21,490	-0-

**December 31, 2004**

	Number of Shares		Fair Market Value	
	<u>Allocated</u>	<u>Unallocated</u>	<u>Allocated</u>	<u>Unallocated</u>
First Citizens Bancshares, Inc.				
Common stock	3,704.00	-0-	\$ 116,306	\$ -0-
Federated Auto Trust	22,089.00	-0-	22,089	-0-

At December 31, 2005, the common capital stock of First Citizens Bancshares, Inc., was appraised at \$33.10 per share by an independent appraisal firm. The "unrealized appreciation in investments" reflects the adjustment to market value in the carrying value of these assets.

Note 6 - Plan Administration Expenses

Plan administration expenses paid by the plan totaled \$5,500 and \$5,000 for the years ended December 31, 2005 and 2004.

-6-

Note 7 - Form 5500 - Reconciliation

The following is a reconciliation of net assets available for benefits per the accompanying 2005 and 2004 financial statements to the Form 5500:

	<u>2005</u>	<u>2004</u>
Net assets available for benefits per the financial statements:		
ESOP	\$27,622,771	\$25,853,697
PAYSOP	<u>144,092</u>	<u>138,395</u>
	<u>\$27,766,863</u>	<u>\$25,992,092</u>
Net assets available for benefits per the Form 5500	<u>\$27,766,863</u>	<u>\$25,992,092</u>

Fair Market Value

-7-

---

FIRST CITIZENS NATIONAL BANK  
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST  
AND PAYROLL STOCK OWNERSHIP PLAN



SUPPLEMENTARY SCHEDULES  
DECEMBER 31, 2005

185 N. Church Street  
Telephone: (731) 285-7900  
Dyersburg, TN 38024  
(800) 608-5612

Fax: (731) 285-6221

of:

Accountants

AICPA

Accountants

Firms

AICPA

Members

American Institute of Certified Public

Governmental Audit Quality Center

Tennessee Society of Certified Public

Center for Public Company Audit

Employee Benefit Plan Audit Qual

[www.atacpa.net](http://www.atacpa.net)

Trustees of First Citizens National Bank  
Employee Stock Ownership Plan and Trust  
and Payroll Stock Ownership Plan

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of First Citizens National Bank Employee Stock Ownership Plan and Trust and First Citizens National Bank Payroll Stock Ownership Plan are presented for the purpose 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 1974. The supplemental schedules have been subjected to the auditing procedures applied in the audit 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.

Dyersburg, Tennessee  
June 7, 2006

-8-

---

FIRST CITIZENS NATIONAL BANK  
EMPLOYEE STOCK OWNERSHIP PLAN AND TRUST

AND PAYROLL STOCK OWNERSHIP PLAN

LINE 27a - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

December 31, 2005

(a)* Party-in Interest	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investments	(d) Cost	(e) Current Value
	First Citizens Bancshares, Inc.	725,155 shares of common stock	\$5,943,426	\$24,002,630
	Federated Auto Trust	1,245,606 shares	1,245,606	1,245,606

\*There was no identified party-in-interest

-9-

---

FIRST CITIZENS NATIONAL BANK  
EMPLOYEE STOCK OWNERSHIP PLAN  
AND PAYROLL STOCK OWNERSHIP PLAN

LINE 27d - SCHEDULE OF REPORTABLE TRANSACTIONS  
DECEMBER 31, 2005

Single Transactions in Excess of Five Percent (5%) of Beginning Plan Assets

None

Series of Transactions in Excess of Five Percent (5%) of Beginning Plan Assets

	<u>Cost</u>	<u>Selling Price</u>	<u>Current Value of Asset on Transaction Date</u>
Federated Prime Obligations	\$ 2,404,550	\$ N/A	\$ 2,404,550
Federated Prime Obligations	N/A	3,149,683	3,149,683

-10-

SIGNATURES

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.

First Citizens National Bank  
Employee Stock Ownership Plan and Trust and  
Payroll Stock Ownership Plan

Date: June 29, 2006

/s/ JUDY BURNS  
Judy Burns, Trustee of the Plan  
(First Citizens National Bank Employee Stock Ownership Plan  
and Trust and Payroll Stock Ownership Plan)

Date: June 29, 2006

/s/ KERRIE HECKETHORN  
Kerrie Heckethorn, Plan Administrator  
(First Citizens National Bank Employee Stock Ownership Plan  
and Trust and Payroll Stock Ownership Plan)

-11-

Exhibit 23

185 N. Church Street  
Telephone: (731) 285-7900  
Dyersburg, TN 38024  
(800) 608-5612

Fax: (731) 285-6221

of:  
Accountants  
AICPA  
Accountants  
Firms  
AICPA

Members  
American Institute of Certified Public Accountants  
Governmental Audit Quality Center  
Tennessee Society of Certified Public Accountants  
Center for Public Company Audit  
Employee Benefit Plan Audit Quality Center

www.atacpa.net

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference of our reports dated June 7, 2006 on the First Citizens National Bank Employee Stock Ownership Plan and Trust and Payroll Stock Ownership Plan appearing in this annual report on Form 11-K for the year ended December 31, 2005.

/s/ ALEXANDER THOMPSON ARNOLD, PLLC

Dyersburg, Tennessee

June 7, 2006