

COMMUNITY BANK SYSTEM INC
 Form 4
 August 02, 2005

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 MCDANIEL W VALEN

2. Issuer Name and Ticker or Trading Symbol
 COMMUNITY BANK SYSTEM INC [CBU]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 16 GILLETT LANE
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 07/29/2005

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 Chief Risk Officer

CAZENOVIA, NY 13035

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	07/29/2005		M	370 A \$ 11.5625	6,300.383 ⁽¹⁾	D	
Common Stock	07/29/2005		M	580 A \$ 12.375	6,880.383	D	
Common Stock	07/29/2005		M	670 A \$ 13.1	7,550.383	D	
Common Stock	07/29/2005		M	1,416 A \$ 15.675	8,966.383	D	
Common Stock	07/29/2005		F	1,748 D \$ 24.27	7,218.383	D	

Common Stock 154.6188 (2) I By 401(k) Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
					(A) Acquired	(D) Disposed of (Instr. 3, 4, and 5)	Date Exercisable	Expiration Date		
Stock Option	\$ 11.5625	07/29/2005		M		370	10/01/2003	01/01/2010	Common Stock	370
Stock Option	\$ 12.375	07/29/2005		M		580	10/01/2003	01/01/2011	Common Stock	580
Stock Option	\$ 13.1	07/29/2005		M		670	10/01/2003	01/01/2012	Common Stock	670
Stock Option	\$ 15.675	07/29/2005		M		1,416	01/01/2004	01/01/2013	Common Stock	1,416

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MCDANIEL W VALEN 16 GILLET LANE CAZENOVIA, NY 13035			Chief Risk Officer	

Signatures

Donna J. Drenzel, as attorney-in-fact, pursuant to a power of attorney 08/02/2005

**Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Includes 45,588 and 40,854 shares acquired on April 11, 2005 and July 11, 2005, respectively, under the Community Bank System, Inc. Dividend Reinvestment Plan.
- (2) The number of shares reported herein were acquired pursuant to Community Bank System, Inc.'s 401(K) Plan and are based on a current plan statement.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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