

COMMUNITY BANK SYSTEM INC
Form 4
January 19, 2007

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 *
DEMPSEY WILLIAM M

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)
3003 GULFSHORE BLVD.,
NORTH, APT. #202

(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
12/31/2006

Director 10% Owner
 Officer (give title below) Other (specify below)

NAPLES, FL 34103

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 Ownership (Instr. 4)
				(A) or (D) Price			
Common Stock	01/01/2007		M	336 A \$ 0	3,780.784 ⁽¹⁾	D	

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

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

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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 Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount
Stock Option	\$ 22.94	01/17/2007		A	3,817	01/17/2007	01/17/2017	Common Stock	3
Phantom Stock (Stock Balance Plan)	(2)	01/17/2007		A	949.72	(3)	(3)	Common Stock	94
Deferred Stock (Deferred Comp.)	(4)	12/31/2006		A	847.8497	(5)	(5)	Common Stock	847
Deferred Stock (Deferred Comp.)	(4)	01/01/2007		M	336	(5)	(5)	Common Stock	3
Deferred Stock (Deferred Comp.)	(4)	01/10/2007		A	42.9328	(5)	(5)	Common Stock	42

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DEMPSEY WILLIAM M 3003 GULF SHORE BLVD., NORTH APT. #202 NAPLES, FL 34103	X			

Signatures

Donna J. Drengel, as attorney-in-fact, pursuant to a power of attorney
01/19/2007

__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)

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Includes 29.692, 31.205, 29.301, and 29.469 shares acquired on April 10, 2006, July 10, 2006, October 10, 2006, and January 10, 2007, respectively, under the Community Bank System, Inc. Dividend Reinvestment Plan.

- (2) Each phantom stock unit is the economic equivalent of one share of Community Bank System, Inc. common stock.
- (3) Phantom Stock (Stock Balance Plan) may be settled upon the later of the reporting person's attainment of age 55 or termination of service on Community Bank System, Inc.'s Board of Directors.
- (4) Each deferred stock unit entitles the reporting person to receive one share of Community Bank System, Inc. common stock.
- (5) Awards relating to the Deferred Stock units (Deferred Comp. Plan) may be settled upon the reporting person's attainment of age 64.

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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