

COMMUNITY BANK SYSTEM INC
 Form 4
 September 24, 2007

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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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)
 09/21/2007

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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V | Amount or Price | | |
| Common Stock | 09/21/2007 | | M | | \$ 5,274 A 15.6563 | 9,131.492 (1) | D |
| Common Stock | 09/21/2007 | | S | | \$ 374 D 20.61 | 8,757.492 | D |
| Common Stock | 09/21/2007 | | S | | \$ 800 D 20.5 | 7,957.492 | D |
| Common Stock | 09/21/2007 | | S | | \$ 100 D 20.57 | 7,857.492 | D |
| Common Stock | 09/21/2007 | | S | | \$ 100 D 20.6 | 7,757.492 | D |

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| | | | | | | | |
|--------------|------------|---|-------|---|----------|-----------|---|
| Common Stock | 09/21/2007 | S | 300 | D | \$ 20.55 | 7,457.492 | D |
| Common Stock | 09/21/2007 | S | 200 | D | \$ 20.54 | 7,257.492 | D |
| Common Stock | 09/21/2007 | S | 1,600 | D | \$ 20.53 | 5,657.492 | D |
| Common Stock | 09/21/2007 | S | 100 | D | \$ 20.52 | 5,557.492 | D |
| Common Stock | 09/21/2007 | S | 200 | D | \$ 20.34 | 5,357.492 | D |
| Common Stock | 09/21/2007 | S | 200 | D | \$ 20.3 | 5,157.492 | D |
| Common Stock | 09/21/2007 | S | 115 | D | \$ 20.29 | 5,042.492 | D |
| Common Stock | 09/21/2007 | S | 485 | D | \$ 20.28 | 4,557.492 | D |
| Common Stock | 09/21/2007 | S | 100 | D | \$ 20.31 | 4,457.492 | D |
| Common Stock | 09/21/2007 | S | 500 | D | \$ 20.27 | 3,957.492 | D |
| Common Stock | 09/21/2007 | S | 100 | D | \$ 20.26 | 3,857.492 | 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.

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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 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 Securities (Instr. 3 and 4) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| | \$ 15.6563 | 09/21/2007 | | M | 5,274 | 01/02/1998 01/02/2008 | | 5,274 |

Stock
Option

Common
Stock

Reporting Owners

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

Signatures

Donna J. Drengel, as attorney-in-fact, pursuant to a power of attorney

09/24/2007

__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) Includes 37.676 and 39.032 shares acquired on April 10, 2007 and July 10, 2007, respectively, under the Community Bank System, Inc. Dividend Reinvestment Plan.

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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