DEMPSEY WILLIAM M
Form 4
January 20, 2006

# FORM 4

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

OMB APPROVAL

| | |
|---|---|
| OMB Number: | 3235-0287 |
| Expires: | January 31, 2005 |
| Estimated average burden hours per response... | 0.5 |

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

(Last) (First) (Middle)

3003 GULFSHORE BLVD., NORTH, APT. #202

(Street)

NAPLES, FL 34103

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)
01/18/2006

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

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)
__X__ Director
_____ 10% Owner
_____ Officer (give title below)
_____ Other (specify below)

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

**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 | 01/19/2006 | | M | | 336 | A | $ 0 | 3,661.117 (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)**

| 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 Amou Underlying Securi (Instr. 3 and 4) | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amo Num Shar |
| Stock Option | $ 23.74 | 01/18/2006 | | A | | 3,298 | | 01/18/2006 | 01/18/2016 | Common Stock | 3 |
| Phantom Stock (Stock Balance Plan) | $ 0 | 01/18/2006 | | A | | 1,137.2 | | (2) | (2) | Common Stock | 1, |
| Deferred Stock (Deferred Comp.) | $ 0 | 01/18/2006 | | A | | 785.9691 | | (3) | (3) | Common Stock | 785 |
| Deferred Stock (Deferred Comp.) | $ 0 | 01/19/2006 | | A | | 36.2903 | | (3) | (3) | Common Stock | 36 |
| Deferred Stock (Deferred Comp.) | $ 0 | 01/19/2006 | | M | | | 336 | (3) | (3) | Common Stock | |

# Reporting Owners

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

# Signatures

| | |
|---|---|
| Donna J. Drengel, as attorney-in-fact, pursuant to a power of attorney | 01/20/2006 |
| **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 25.139, 22.528, 27.805 and 27.043 shares acquired on April 11, 2005, July 11, 2005, October 11, 2005, and January 10, 2006, respectively, under the Community Bank System, Inc. Dividend Reinvestment Plan.

**(2)** Phantom Stock (Stock Balance Plan) may be exercised 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.

**(3)** Awards relating to the Deferred Stock units (Deferred Comp. Plan) may be exercised 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.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.