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

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

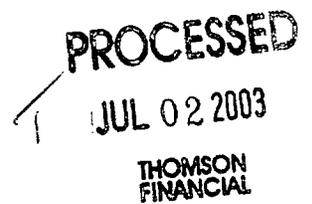
For the year ended December 31, 2002

Commission File Number 0-13814

The Cortland Savings and Banking 401(k) Plan
(Full title of the plan)

Cortland Bancorp
(Name of issuer of the securities held pursuant to the plan)

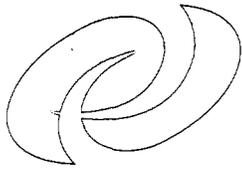
194 West Main Street
Cortland, Ohio 44410
(address of principal executive office)



REQUIRED INFORMATION

Financial Statements Provided

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PACKER THOMAS

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

REPORT OF INDEPENDENT AUDITORS

BOARD OF DIRECTORS
CORTLAND BANCORP

We have audited the accompanying statements of net assets available for benefits of the Cortland Savings and Banking 401(k) Plan (the Plan) as of December 31, 2002 and 2001, and the related statements of changes in net assets available for 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 auditing standards generally accepted in the United States of America. 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 benefits of the Cortland Savings and Banking 401(k) Plan as of December 31, 2002 and 2001, and the changes in its net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of (1) assets held for investment purposes at end of year, and (2) reportable transactions, together referred to as "supplemental information" 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 information has been subjected to the auditing procedures applied in the audits 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.

Youngstown, Ohio
June 12, 2003

Packer Thomas

Packer Thomas

The Cortland Savings and Banking 401(k) Plan
STATEMENT OF NET ASSETS
AVAILABLE FOR BENEFITS

	December 31,	
	2002	2001
ASSETS		
Cash and cash equivalents	\$ -	\$ 20,198
Investments at fair value		
Cortland ER Stock Fund	\$ 2,435,841	\$ 2,067,615
Mutual funds	3,387,476	3,467,734
Personal brokerage accounts	1,285,048	1,037,553
Loans to participants	231,726	223,692
Total investments	<u>7,340,091</u>	<u>6,796,594</u>
TOTAL ASSETS	\$ 7,340,091	\$ 6,816,792
NET ASSETS AVAILABLE FOR BENEFITS	\$ 7,340,091	\$ 6,816,792

The Cortland Savings and Banking 401(k) Plan
**STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS**

	Years ended December 31,	
	2002	2001
ADDITIONS		
Contributions		
Employee	\$ 365,064	\$ 346,641
Employer	218,980	205,354
	<u>584,044</u>	<u>551,995</u>
Investment income		
Net appreciation (depreciation) in the aggregate current value of investments	75,355	(235,322)
Interest and dividend income	151,474	448,223
	<u>226,829</u>	<u>212,901</u>
Other income	865	-
	<u>811,738</u>	<u>764,896</u>
DEDUCTIONS		
Distributions to participants	279,787	152,111
Administrative expense	8,652	4,435
	<u>288,439</u>	<u>156,546</u>
	<u>811,738</u>	<u>764,896</u>
NET ADDITIONS	523,299	608,350
NET ASSETS AVAILABLE FOR BENEFITS		
BEGINNING OF YEAR	6,816,792	6,208,442
END OF YEAR	\$ 7,340,091	\$ 6,816,792

The Cortland Savings and Banking 401(k) Plan
NOTES TO FINANCIAL STATEMENTS

December 31, 2002 and 2001

NOTE 1 - ACCOUNTING POLICIES

Valuation of Investments

Investments are stated at fair value as determined by quoted market prices. The market price for Cortland Bancorp common stock (trade symbol "CLDB") held in the Cortland ER Stock Fund and Personal Brokerage Accounts is determined by prices quoted on the NASDAQ OTC Bulletin Board. Shares of mutual funds are valued at quoted market prices. Cash and cash equivalents and loans to participants are valued at cost, which approximates market value.

Net Change in Aggregate Current Value of Investments

In accordance with the policy of stating investments at fair value, the change in the aggregate current value of investments for the year is reflected in the statement of changes in net assets available for benefits.

Payments of Benefits

Benefits are recorded when paid.

Use of 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 these estimates.

Administrative Costs

The Company pays a portion of the administrative fees in addition to trustee fees.

Reclassification

Certain amounts in 2001 have been reclassified to conform with the current year presentation.

NOTE 2 - DESCRIPTION OF PLAN

The following description of The Cortland Savings and Banking 401(k) Plan provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution plan covering all eligible employees of Cortland Bancorp and its subsidiary (collectively, "the Company"). Employees are eligible to participate immediately upon their hire date. The Plan is subject to the provisions of Employee Retirement Income Security Act of 1974 (ERISA).

Although it has not expressed any intent to do so, the Company reserves the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

The Cortland Savings and Banking 401(k) Plan
NOTES TO FINANCIAL STATEMENTS

December 31, 2002 and 2001

**NOTE 2 - DESCRIPTION OF PLAN
(continued)**

Contributions

Participants may make salary deferral contributions at their discretion of up to 15% of annual compensation for 2002 and 2001. However, the participant's contributions may not exceed the dollar limit set by law, which for 2002 and 2001 were \$11,000 and \$10,500, respectively. The Company matches each participant's contributions up to a maximum of 5% of the participant's annual compensation. Additional amounts may be contributed at the discretion of the Board of Directors. After 2001, the IRS allows individuals who are at least 50 years of age to make catch-up contributions. The maximum amount of the catch-up contribution for 2002 was \$1,000.

Participant-Directed Accounts

The participant's elective deferrals, Company contributions and an allocation of the Plan earnings and losses are allocated to participant-directed accounts. Allocations are based on participant compensation, contributions and account balances, as defined. The benefit to which a participant is entitled is the current value of the participant's account, subject to vesting provisions as explained under Vesting.

Separate Investment Options

Each participant may direct that contributions and earnings be invested in one or more investment options in the Plan. The options are summarized as follows:

Cortland ER Stock Fund

These funds are invested in a unitized fund of Cortland Bancorp common stock. Unitizing assets changes their accounting characteristics to match mutual funds. Unitized accounting is a method of valuing a group of assets using units in place of dollars and assigning a unit value on a daily basis. These units are priced daily to determine the market value of the fund.

Mutual Funds

These funds are invested in various mutual funds offered by the Plan.

Personal Brokerage Accounts

These funds are invested in self-directed brokerage accounts. Charles Schwab and AETNA Financial Services administer these accounts. All investments are directed by the participant.

Vesting

Participants are immediately vested in their salary deferral contribution, the Company's matching contribution, and any earnings or losses thereon.

Payment of Benefits

Upon termination of service with the Company, a participant may elect to receive a lump-sum amount equal to the value of his or her account, periodic payments for a specific number of years or a transfer of the participant's balance to another qualified plan.

Loan Provisions

The Plan provides that participants can borrow funds against their account balances limited to the lesser of 50% of their vested account balance or \$50,000.

The Cortland Savings and Banking 401(k) Plan
NOTES TO FINANCIAL STATEMENTS

December 31, 2002 and 2001

NOTE 3 - INVESTMENTS

The following table presents the fair values of investments. Investments representing five percent or more of the Plan's net assets are separately identified.

	December 31,	
	2002	2001
Cortland ER Stock Fund--excess of 5% in 2002 and 2001	\$ 2,435,841	\$ 2,067,615
Mutual Funds--excess of 5% in 2002 and 2001	3,387,476	3,467,734
Personal brokerage accounts--excess of 5% in 2002 and 2001	1,285,048	1,037,553
Participant loans	231,726	223,692
TOTAL INVESTMENTS AT FAIR VALUE	\$ 7,340,091	\$ 6,796,594

The Plan's investments, including investments bought and sold as well as held during the periods, appreciated (depreciated) as follows:

	For the year ended December 31,	
	2002	2001
CSB Fund	\$ -	\$ 6,082
Cortland ER Stock Fund	533,281	493,727
Mutual Funds	(654,703)	(923,706)
Personal brokerage accounts	196,777	188,575
NET APPRECIATION (DEPRECIATION) IN FAIR VALUE OF INVESTMENTS	\$ 75,355	\$ (235,322)

**The Cortland Savings and Banking 401(k) Plan
NOTES TO FINANCIAL STATEMENTS**

December 31, 2002 and 2001

NOTE 4 - TAX STATUS

The Plan obtained its latest determination letter on June 10, 1994, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

**NOTE 5 - PARTY-IN-INTEREST
TRANSACTIONS**

Effective April 1, 2001, ING National Trust Company became Trustee for the Plan and AETNA Financial Services became the administrator of the Plan.

The Cortland ER Stock Fund is a unitized fund that is comprised solely of Cortland Bancorp common stock.

There were no other related party transactions during 2002. However, during 2001 the following related party transactions occurred:

Item	# of Units/		Sales
	Shares	Purchases	
For the year ended			
December 31, 2001:			
Cortland Savings and Banking Company			
Certificates of Deposit:			
5.87%, due 9/29/01	109,050		109,050
5.15%, due 11/5/01	254,046		254,046
5.87%, due 5/23/02	164,549		164,549
6.10%, due 8/23/02	107,893		107,893
6.50%, due 11/11/02	107,461		107,461
Cortland Savings and Banking Company			
Money Market Trust	9,570	9,750	
	58,365		58,365

**NOTE 6 - CONCENTRATIONS OF
CREDIT RISK**

Deposits in the Cortland Savings and Banking Company, including certificates of deposit and money market accounts, totaled \$-0- and \$20,198 at December 31, 2002 and 2001, respectively. The market value of Cortland Bancorp common stock held indirectly by the Plan through the Cortland ER Stock Fund totaled \$2,435,841 and \$2,067,615 December 31, 2002 and 2001, respectively. The common stock is thinly traded. Thus, the market value at the time of sale may be affected by the number of shares sold and/or other market conditions.

SCHEDULE H, line 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

EIN: 34-0165477
Plan Number: 002
December 31, 2002

(a)	(b) Identify of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
CORTLAND ER STOCK FUND				
*	Cortland ER Stock Fund	Unitized Fund	154,674 Units	N/A \$ 2,435,841
TOTAL CORTLAND ER STOCK FUND				2,435,841
MUTUAL FUNDS				
	ING Fixed Account	Mutual Fund	1,655,509 Units	N/A 1,655,509
	ING Bond Fund A	Mutual Fund	4,095 Units	N/A 43,985
	ING Government Fund A	Mutual Fund	25,349 Units	N/A 271,736
	ING Strategic Allocation Balance Fund A	Mutual Fund	279 Units	N/A 2,516
	ING Strategic Allocation Group Fund A	Mutual Fund	191 Units	N/A 1,625
	ING Strategic Allocation Income Fund A	Mutual Fund	135 Units	N/A 1,214
	ING Growth and Income Fund A	Mutual Fund	170 Units	N/A 1,268
	ING Index Plus LargeCap Fund A	Mutual Fund	11,857 Units	N/A 133,867
	Pioneer Equity Income Fund A	Mutual Fund	3,597 Units	N/A 75,283
	AIM Weingarten Fund	Mutual Fund	4,579 Units	N/A 42,311
	INVESCO Growth Fund	Mutual Fund	86,148 Units	N/A 131,806
	Janus Advisor Capital Apprec. Fund	Mutual Fund	15,002 Units	N/A 268,837
	Massachusetts Investors Growth Stk.	Mutual Fund	13,897 Units	N/A 128,270
	AIM Constellation Fund	Mutual Fund	59 Units	N/A 974
	Fidelity Advisor Mid Cap Fund	Mutual Fund	3,136 Units	N/A 48,887
	ING Small Company Fund A	Mutual Fund	2,152 Units	N/A 23,303
	ING Technology Fund A	Mutual Fund	45,692 Units	N/A 119,256
	INVESCO Dynamics Fund	Mutual Fund	20,293 Units	N/A 216,320
	INVESCO Health Sciences Fund (Inv)	Mutual Fund	582 Units	N/A 22,025
	ING International Growth Fund A	Mutual Fund	19,636 Units	N/A 106,622
	Janus Advisor Series Worldwide Fund I	Mutual Fund	3,110 Units	N/A 67,197
	ING Aeltus Money Market Fund A	Mutual Fund	24,665 Units	N/A 24,665
TOTAL MUTUAL FUNDS				3,387,476
PERSONAL BROKERAGE ACCOUNT				
	Charles Schwab Personal Brokerage Account	Brokerage Account	N/A	N/A 1,282,514
	ING Ultimate Account	Self-Directed Account	N/A	N/A 2,534
TOTAL PERSONAL BROKERAGE ACCOUNT				1,285,048
LOANS TO PARTICIPANTS				
	Participant Loans	5.75% to 10.50%	-	231,726
TOTAL LOANS TO PARTICIPANTS				231,726
TOTAL INVESTMENTS				\$ 7,340,091

* Denotes Party-In Interest

The Cortland Savings and Banking 401(k) Plan
**SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE
TRANSACTIONS**

EIN: 34-0165477

Plan Number: 002

Year ended December 31, 2002

(a) Identity of Party Involved	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or Loss
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There were no category (i), (ii), (iii) or (iv) reportable transactions.

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.

The Cortland Savings and
Banking 401(k) Plan

A handwritten signature in black ink, appearing to read 'L. Fantauzzi', with a long horizontal line extending to the right.

Lawrence A. Fantauzzi
Pension Committee for Cortland
Savings and Banking Company,
Subsidiary of Cortland Bancorp

June 12, 2003

Date

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement on Form S-8 pertaining to The Cortland Savings and Banking 401(k) Plan (the "Plan") of Cortland Bancorp of our report dated June 12, 2003, with respect to the financial statements and schedules of the Plan included in this Annual Report on Form 11-K for the year ended December 31, 2002.

Youngstown, Ohio
June 26, 2003



Packer Thomas