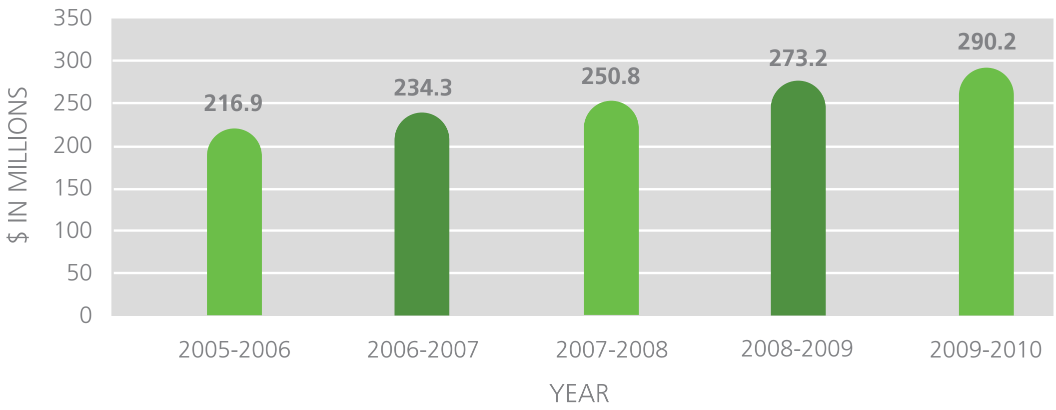
The Year in Review

Fiscal 2009-10 represented the first year of the combined operations of the former Metrolinx and GO Transit. The financial statements presented in this annual report have been prepared as if the combination occurred on April 1, 2008 in order to provide the reader with a clear understanding of year over year comparison of operations. Further details can be found in Note 2 of the financial statements.

Operating Results

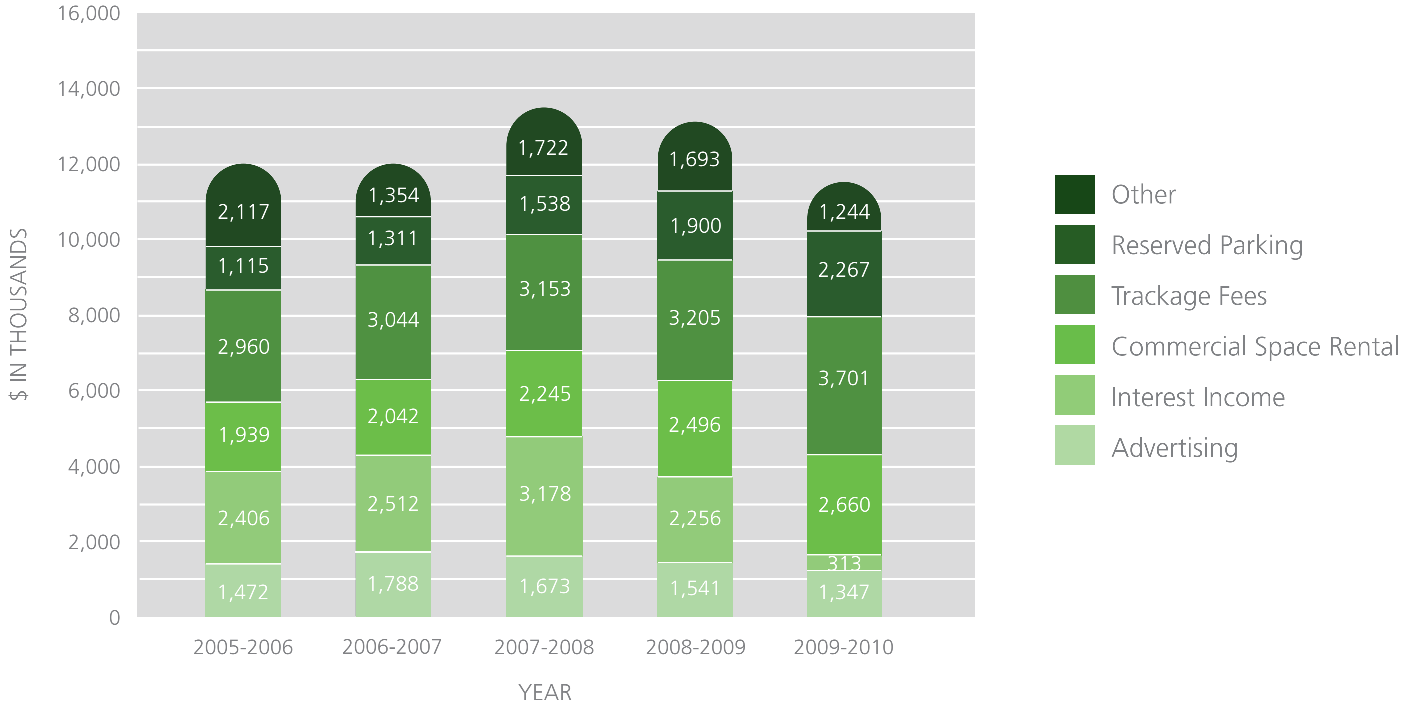
Ridership growth, which had been averaging 3.7% over the last ten years, slowed down significantly in the first half of the year. By the second half of the year ridership had started to get back to previous year levels. Despite the economic downturn, ridership for the year grew 1.2% with 55.57 million rides taken compared with 54.9 million rides in fiscal 2008-09. Total fare revenue for fiscal 2009-10 of $290.2 million was comparable to fiscal 2008-09 of $273.2 million. A fare increase of $0.25, introduced on March 14th, 2009, positively impacted fare revenues by approximately $14 million. Chart 1 outlines changes in total fare revenue over the last five years.

CHART 1: Total Commuter Revenue



Metrolinx's non-fare revenue represents 3.8% of its total operating revenue. Chart 2 shows the key components of non-fare revenue over 5 years (not including gain/loss on the sale of capital assets). During the year the low interest rates lead to a decline of $1.9 million in interest income over the previous year. Other non-fare revenues were up $1.1 million.

CHART 2: Non-Fare Revenue



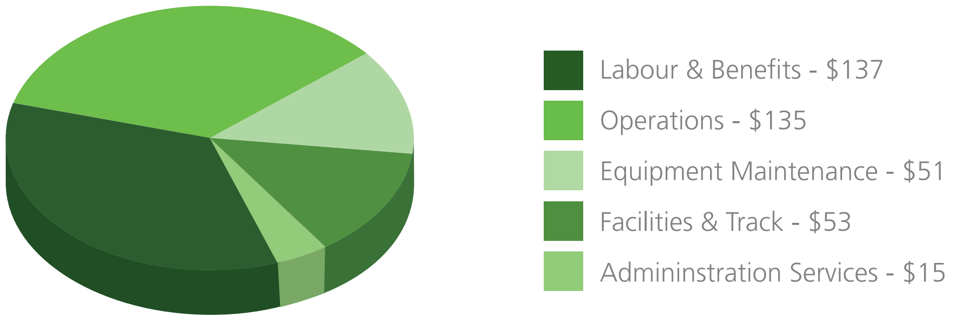
Metrolinx's operations are broken down into two major areas of activity:

- **GO Transit Division** – an operating division providing bus and rail service to the public on a daily basis; and
- **Corporate Division** – planning, policy and other administrative activities of the Corporation, and the infrastructure investment activities surrounding *The Big Move* for the GTHA.

GO Transit uses its operating cost recovery ratio as a key financial performance measure and it compares favourably with those of other public transit authorities in Canada and the United States. GO has maintained this favourable ratio through effective management of key operating expenses and effective maintenance of its fleet of buses and trains. GO Transit budgeted an operating cost recovery ratio of 81.5% for fiscal 2009-10. The actual ratio came in at 78.1% due to 3.4% lower than projected revenues and slightly higher than projected operating expenses for crews and parts for bus and rail services.

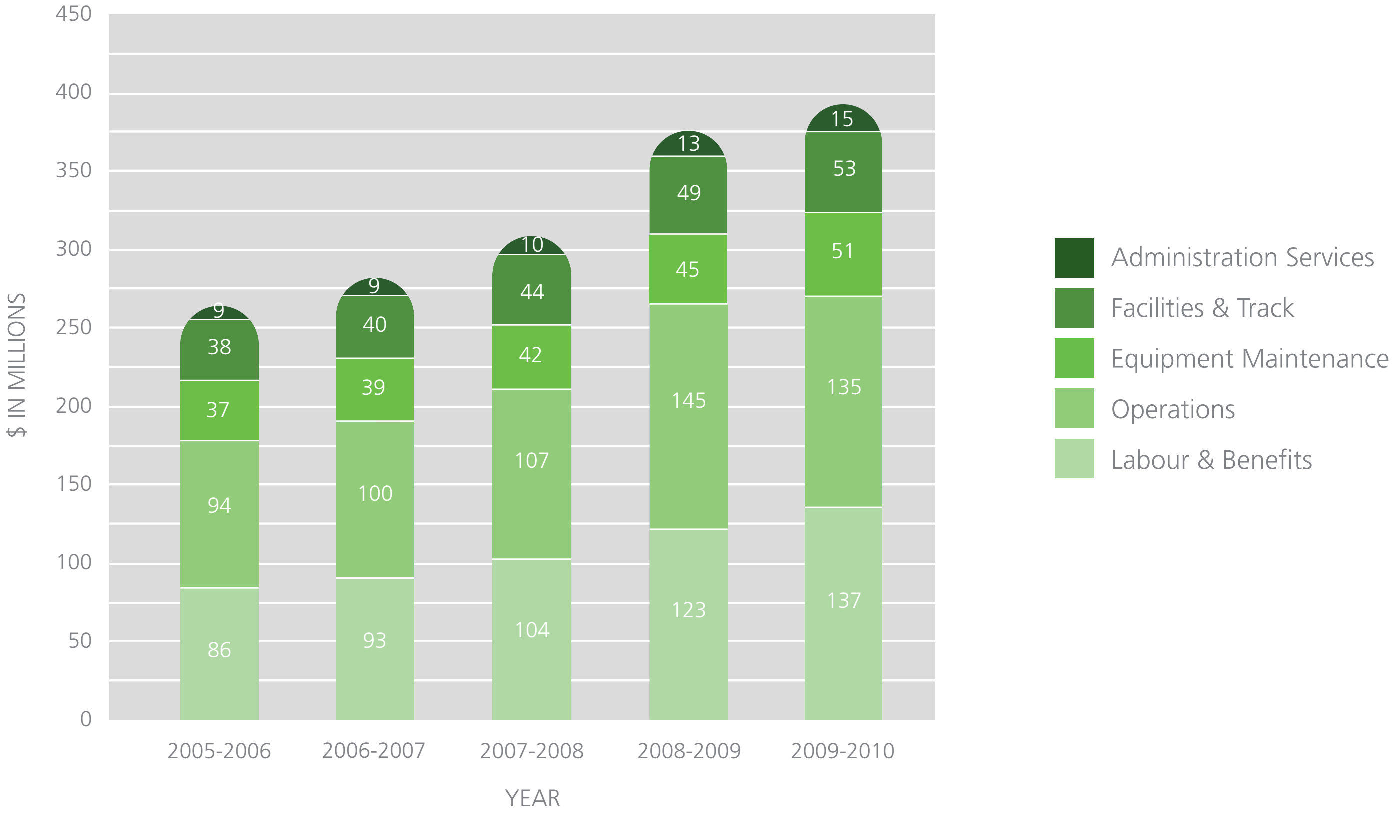
GO Transit addresses the possible variability of some of its key expenses like fuel supply, by fixing the price on 80% of expected fuel requirements with its supplier on a rolling 12 month outlook for the year. Chart 3 provides the breakdown of Metrolinx's operating expenditures for the fiscal year.

CHART 3: Operating Expenses ($ in millions)



During the year Metrolinx experienced an increase of 0.6 per cent or $2.2 million in operating expenses over a budget of $384.1 million. The increase was primarily due to a one-time settlement of transition costs associated with the downsizing of crews when Bombardier began providing crews to GO Transit. The increase was offset by decreases in professional services and in lower utilities and diesel fuel costs due to a mild winter. Chart 4 provides a breakdown of operating expenses over the last five years.

CHART 4: Operating Expenses by Major Category



Capital Investments

Metrolinx embarked on its largest capital investment program since GO Transit was created over 43 years ago. Investment in capital assets totalled $1,156.8 million during the year as compared to $861 million for the previous year, reflecting the Province's plan to significantly increase its investment in public transit infrastructure. Major capital projects that moved forward during the year include:

- The purchase of two major sections of rail corridor for $239 million including the south end of the Barrie Corridor and the portion of the Lakeshore West Corridor between Union Station and the Willowbrook maintenance facility. These purchases brought the total ownership in GO Transit rail corridors to 54% allowing GO Transit to have greater control over the reliability and the future of its rail services;
- $129 million in investments and deposits to move the Big 5 projects through Environmental Assessment (EA), including approval of the Sheppard East LRT and continued work on EAs for Scarborough RT, Finch West LRT, Eglinton Crosstown LRT and York Viva BRT;
- Ownership transfer of 26 locomotives and 243 bi-level coaches previously leased from Toronto Area Transit Operating Authority (TATOA) at a book value of $59 million (transferred at a nominal value of $2.00);
- Progress payments of $69 million for 45 bi-level coaches expected to be delivered in fiscal 2010-11 and 2011-12. These coaches will be used to further increase the number of 12 coach trains, thereby increasing per train ridership in future years by over 20 per cent (300 peak period per train riders);
- $50 million for progress payments on 30 more powerful and fuel efficient MP40 locomotives to allow GO Transit to move forward with its plan to increase its rail fleet from 10 to 12 car trains as an efficient and effective way of increasing ridership;
- $15 million to complete purchase of 20 conventional and 10 double-decker buses required to maintain current capacity and grow bus operations to service more

riders. With the addition of the 10 double-decker buses GO Transit now has a fleet of 22. These buses can transport 37% more riders per bus, are fully accessible and are one of the most fuel efficient buses available based on kilometres per passenger;

- $59 million in new parking structures for Aurora and Whitby and expansions of parking spaces for Maple, Mount Pleasant, Rouge Hill, Unionville and Centennial stations;
- $56 million on the Georgetown South and West Toronto Diamond projects expected to accommodate more train service for the Pan Am Games;
- $37 million for building a third track between Port Credit and Oakville thereby improving operational flexibility, on-time performance and the ability to add future trains; and
- $40 million for the first stage implementation of the PRESTO fare card to be used as the key method of fare payment in future years.

Chart 5 outlines the capital investments made by Metrolinx over the past 5 years. Chart 6 provides a summary of the fleet at the end of the fiscal year.

CHART 5: Five Year Capital Investments

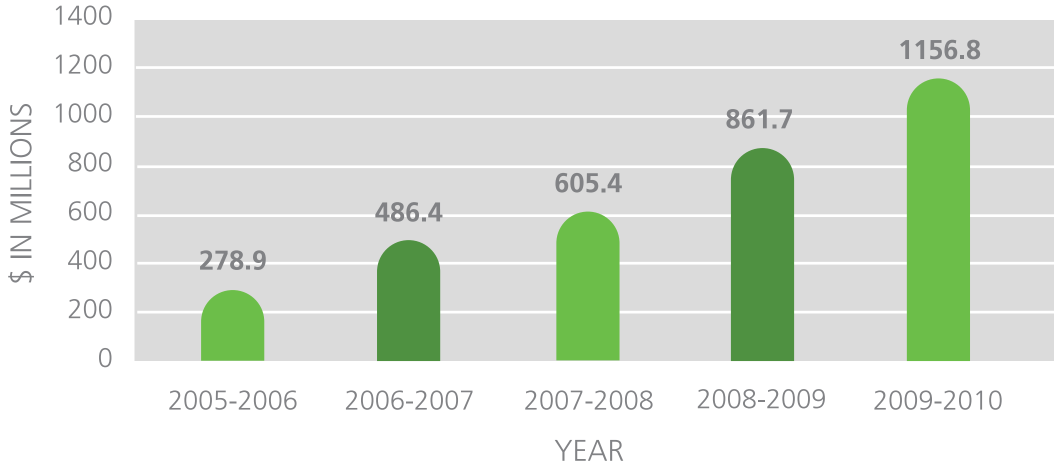


CHART 6: Service Levels and Infrastructure
(as at March 2010)

Train Service	
Lines	7
Stations	59
Route kilometres	390
Weekday train trips	180
Fleet size (number of trainsets)	42
Locomotives	58
Bi-level passenger railcars	478

Bus Service	
Terminals (plus numerous stops & ticket agencies)	17
Route kilometres	2,672
Weekday Union Station bus trips	484
Weekday bus trips, total system	2,045
Single-level buses	365
Double-decker buses	22

Across Our System	
Parking spaces	58,142
Parking structures	3
Wind turbines	1
Stations/terminals with bike shelters	49
Stations with bike lockers or reserved bike parking	5

Enterprise Risk Management

In addition to developing management policies and guidelines to direct the combined operations of Metrolinx and GO Transit, the Corporation completed Phase 1 of an Enterprise Risk Management system during the year to help ensure that its activities stay on course. Metrolinx has identified 37 potential risks that could significantly impact its ability to meet its goals and objectives and is in the process of developing strategies to address each of these risks. Changes to key risks facing the Corporation will be reported to the Audit, Finance and Risk Management Committee and the Board on a quarterly basis. Metrolinx is in the process of integrating risk management into its key management processes including budgeting, forecasting, performance and project management as a means of ensuring the success of the Corporation.

Performance Management

Metrolinx has also developed performance management measures and targets to ensure results are achieved against its goals and objectives, especially in the area of customer service. It has also recently completed mission, vision and value statements to drive its business. GO Transit's key performance indicator for operations is its reliability factor for on-time service. During the year GO Transit achieved a reliability factor of 91% in rail services. This compared favourably with the previous year's achievement of 88.1%. GO bus services also performed strongly during the year achieving 99% on-time performance.

Financial Statements

Metrolinx

March 31, 2010

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June 21, 2010

Management's Responsibility for Financial Information

Metrolinx Management and the Board of Directors are responsible for the financial statements and all other information presented in these financial statements. The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles established by the Canadian Institute of Chartered Accountants. Where appropriate, the financial statements include amounts based on management's best estimates and judgements.

Management has developed and maintains financial and management controls, information systems and management practices to provide reasonable assurance of the reliability of financial information. Internal audits are conducted to assess management systems and practices, and reports are issued to the Audit Committee.

The Metrolinx Board of Directors, through the Audit Committee, assures that management fulfills its responsibilities for financial information and internal control. This Committee reviews the financial statements and the external auditors' report.

The financial statements have been examined by Grant Thornton LLP, Metrolinx's appointed external auditor. The external auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditor's Report outlines the scope of the Auditor's examination and opinion.

For the fiscal year ended March 31, 2010, Metrolinx's Board of Directors, through the Audit Committee, was responsible for assuring that management fulfilled its responsibilities for financial reporting and internal control. The Committee meets regularly with management, the internal auditor and Grant Thornton LLP to satisfy itself that each group has discharged its respective responsibility. The Committee reviews the financial statements before recommending approval by the Board of Directors. Grant Thornton LLP had direct and full access to the Audit Committee, with and without the presence of management, to discuss their audit and their findings as to the integrity of Metrolinx's financial reporting and the effectiveness of the system of internal controls.

J. Robert S. Prichard	Robert Siddall
President and Chief Executive Officer	Chief Financial Officer

Auditors' Report

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To the Members of
Metrolinx

We have audited the statement of financial position of **Metrolinx** as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Metrolinx's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance 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.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Metrolinx as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Toronto, Ontario
June 18, 2010

Chartered Accountants
Licensed Public Accountants

Metrolinx
Statement of Operations

(Dollars in thousands) Year Ended March 31	Basis of presentation (Note 2) 2010	2009
Revenues		
Operating revenue	**$ 301,427**	$ 284,004
Contribution from the Province of Ontario	**68,427**	78,174
Contribution from the Government of Canada	**77**	-
Investment income	**313**	2,256
Amortization of deferred capital contributions	**171,712**	149,159
Gain (loss) on disposal of capital assets	**7,219**	(245)
	549,175	513,348
Expenses		
Administrative services	**15,185**	12,805
Equipment maintenance	**51,296**	45,393
Facilities and track	**53,110**	48,618
Labour and benefits	**137,408**	123,363
Operations	**134,670**	145,391
Amortization of capital assets	**169,528**	146,891
Amortization of long term lease	**327**	507
Unrealized loss on foreign exchange contract	**-**	(2,145)
	561,524	520,823
Excess of expenses over revenues	**$ (12,349)**	$ (7,475)

See accompanying notes to the financial statements.

Metrolinx
Statement of Financial Position

(Dollars in thousands) March 31	Basis of presentation (Note 2) 2010	2009
Assets		
Current		
Cash and cash equivalents	**$ 120,454**	$ 104,354
Receivables	**41,189**	29,686
Contributions due from Province of Ontario	**59,480**	-
Contributions due from Municipalities	**20,000**	20,264
Contributions due from Government of Canada	**47,733**	111,711
Spare parts and supplies	**4,377**	4,025
Prepaid expenses	**5,434**	8,095
	298,667	278,135
Funds being held for Province of Ontario (Note 5)	**46,667**	46,667
Long term receivable (Note 6)	**800**	1,600
Capital assets (Note 7)	**3,803,277**	2,741,073
Deposit on land	**56,485**	129,260
Advances on capital projects (Note 8)	**47,421**	-
Long term lease (Note 9)	**29,515**	29,842
	$ 4,282,832	$ 3,226,577

continued...

Liabilities		
Current		
Payables and accruals	**$ 251,914**	$ 194,825
Unearned revenue in respect of tickets sold and not used	**10,024**	10,022
Due to the Province of Ontario	**-**	37,057
	261,938	241,904
Advance from Province of Ontario (Note 5)	**46,667**	46,667
Deferred capital contributions (Notes 10)	**3,083,736**	2,453,680
Pension plan top-up benefits payable (Note 12)	**23,281**	21,535
Other employee future benefits payable (Note 13)	**41,777**	38,599
	3,457,399	2,802,385
Net Assets		
Net assets invested in capital assets (Note 14)	**823,447**	416,653
Net assets invested in long-term lease	**29,515**	29,842
Net assets held in reserves (Note 15)	**26,332**	26,332
Deficiency of net assets	**(53,861)**	(48,635)
	825,433	424,192
	$ 4,282,832	$ 3,226,577

Commitments (Note 16)
Contingencies (Note 17)

On behalf of the Board

Director

Director

See accompanying notes to the financial statements.

Metrolinx
Statement of Changes in Net Assets
(Dollars in thousands)
Year Ended March 31

	Invested in Capital Assets (Note 14)	Invested in Long term Lease	Net assets Held in Reserves (Note 15)	Deficiency	Basis of presentation (Note 2) **Total 2010**	Total 2009
Balance, beginning of year	$ 416,653	$ 29,842	$ 26,332	$ (48,635)	**$ 424,192**	$ 266,030
Excess of expenses over revenues	-	-	-	(12,349)	**(12,349)**	(7,475)
Amortization	(193)	(327)	-	520	**-**	-
Assets contributed by the Province of Ontario (Note 19 (b))	58,536	-	-	-	**58,536**	-
Land acquisitions, net of deposits	298,639	-	-	-	**298,639**	36,377
Disposal of land	(6,603)	-	-	6,603	-	-
Deposit on land	56,415	-	-	-	**56,415**	129,260
Balance, end of year	**$** 823,447	$ 29,515	$ 26,332	$ (53,861)	**$ 825,433**	$ 424,192

See accompanying notes to the financial statements.

Metrolinx
Statement of Cash Flows

(Dollars in thousands) Year Ended March 31	**Basis of presentation (Note 2)** **2010**	 2009
Increase (decrease) in cash and cash equivalents		
Operating activities		
Excess of expenses over revenues	**$ (12,349)**	$ (7,475)
Amortization of capital assets and long term lease	**169,855**	147,398
Gain (loss) on disposal of capital assets	**(7,219)**	245
Foreign exchange contract	**-**	(2,918)
Amortization of deferred capital contributions	**(171,712)**	(149,159)
Employee future benefits, net of payments	**4,924**	7,088
	(16,501)	(4,821)
Change in non-cash working capital		
Receivables	**(11,503)**	(10,149)
Contributions due from Province of Ontario	**(59,480)**	58,378
Contributions due from Municipalities	**264**	(15,766)
Contributions due from Government of Canada	**63,978**	7,871
Spare parts and supplies	**(352)**	(948)
Prepaid expenses	**2,661**	(140)
Payables and accruals	**57,089**	24,847
Unearned revenue in respect of tickets sold and not used	**2**	1,000
Due to Province of Ontario	**(37,057)**	37,136
	(899)	97,408

continued...

Metrolinx
Statement of Cash Flows *(continued)*

(Dollars in thousands)

Year Ended March 31	Basis of presentation (Note 2) **2010**	2009
Investing activities		
Long term receivable	**800**	(1,600)
Purchase of capital assets	**(1,052,989)**	(733,618)
Proceeds from sale of capital assets	**16,200**	2,023
Deposit on land	**(56,415)**	(127,585)
Advances on capital projects	**(47,421)**	-
	(1,139,825)	(860,780)
Financing activities		
Grants received for purchase of land	**355,056**	165,637
Amounts received related to capital assets	**801,768**	696,096
	1,156,824	861,733
Net increase in cash and cash equivalents	**16,100**	98,361
Cash and cash equivalents, beginning of year	**104,354**	5,993
Cash and cash equivalents, end of year	**$ 120,454**	$ 104,354
Non-cash transaction:		
Locomotives and other rolling stock contributed by the Province of Ontario (Note 19 (b))	**$ 58,536**	$ -

See accompanying notes to the financial statements.

Metrolinx
Notes to the Financial Statements
(Dollars in thousands)
March 31, 2010

1. Nature of operations

Metrolinx is a Crown agency, reporting to the Minister of Transportation ("MTO"). It is a non-share capital corporation and is exempt from income taxes under Section 149(1) (d) of the Income Tax Act (Canada).

Metrolinx was created by sections of the *Greater Toronto Transportation Authority Act, 2006* which were proclaimed on August 24, 2006. On May 14, 2009, Bill 163 was proclaimed amending the *Greater Toronto Transportation Authority Act, 2006* and changing the title of the Act to the *Metrolinx Act, 2006*. As a result, the Greater Toronto Transit Authority (GO Transit) was dissolved and all of its assets, liabilities, rights and obligations have been assumed by Metrolinx effective May 14, 2009.

Metrolinx's mandate is to lead the coordination, planning, financing and development of an integrated multi-modal transportation network for the Greater Toronto and Hamilton Area. (GTHA). Taking a regional approach, Metrolinx will bring together the province, municipalities and local transportation authorities to produce long-term economically and environmentally sustainable transportation solutions.

GO Transit is a division of Metrolinx that operates an interregional public transit system consisting of integrated rail and bus corridors. The network of rail and bus services primarily serves communities across the Greater Toronto and Hamilton Area including the Cities of Toronto and Hamilton, and Regions of Halton, Peel, York, Durham as well as Simcoe County, Dufferin County, Wellington County and the cities of Barrie and Guelph and the Town of Bradford-West Gwillimbury.

2. Summary of significant accounting policies

Basis of presentation

These financial statements are prepared by management in accordance with Canadian generally accepted accounting principles. As indicated in Note 1, effective May 14, 2009 the operations of GO Transit were wound up into Metrolinx. The two entities were under the common control of the Province prior to the wind-up, accordingly these financial statements have been prepared based on the continuity of interests principle which requires the continuing entity, Metrolinx, to report the current and comparative records as if the two entities had been combined since inception. Accordingly, the current and comparative year financial statements include the entire year of operations for both Metrolinx and GO Transit.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks net of bank overdrafts and short term investments with maturities of three months or less.

Spare parts and supplies

Spare parts and supplies are carried at the lower of cost and replacement value. Cost is determined using the weighted-average method.

2. Summary of significant accounting policies (continued)

Amortization

Metrolinx provides for the amortization of the various classes of assets over their estimated useful lives on a straight-line basis as follows:

Buildings and equipment	
Shelters and ticket booths	5 years
Other buildings	20 years
Leasehold improvements	Lease Life
Locomotives	20 years
Other railway rolling stock	25 years
Improvements to railway right-of-way plant	20 years
Track work and installation	20 years
Buses including double decker buses	10 years
Parking lots	20 years
Enterprise software	7 years
Computer equipment and software	5 years
Grade separations	50 years
Sundry	
Furniture	12 years
Other	3-7 years

Construction-in-progress is comprised of direct construction and development costs. No amortization is recorded until construction is substantially completed and the assets are ready for productive use.

Long term lease

Long term lease represents the prepayment of the lease regarding Union Station. The amount is being amortized straight-line over 100 years, being the term of the lease plus one renewal period.

2. Summary of significant accounting policies (continued)

Employee future benefits

Metrolinx provides pension plan benefits through the multi-employer OMERS Pension Fund. The expense for the period equals the required contribution for the period.

Metrolinx provides a Top-Up pension plan benefit using the accrued benefit method which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the estimated average remaining service lives of the members.

Metrolinx also provides other employee future benefits using the accrued benefit method which reflects the projected benefits for services rendered to date. Adjustments arising from employee benefit plan amendments, experience gains and losses and changes in assumptions are amortized to earnings over the estimated average remaining service lives of the members.

Commuter services revenue

Revenue is recognized when the transportation service is provided. Unearned amounts are reflected in the statement of financial position as unearned revenue.

Contributions

Metrolinx follows the deferral method of accounting for contributions. Unrestricted contributions, including operating grants are recognized as revenue in the period to which they relate.

Deferred capital contributions relate to funds received for the acquisition of capital assets. These deferred capital contributions are recognized as revenue over the same period as the amortization of the related capital asset.

2. Summary of significant accounting policies (continued)

Net assets held in reserves

Net assets held in reserves are internally restricted to provide a funding source for planned future obligations and to provide flexibility against uncertainties which may arise. All reserves are approved by Metrolinx's Board and are disclosed on the statement of financial position as equity.

The Municipal Capital and Operating Restructuring (MCOR) reserve was established to assist in funding large capital expenditures.

The Employment Obligation reserve was established to assist in funding general employment related obligations of Metrolinx.

The Self Insured Retention reserve was established to assist in funding any claims against the self-insured retention layer of Metrolinx's insurance program.

The Stabilization reserve was established to assist in funding fluctuations in operating and capital budgets of Metrolinx from year to year.

Classification of financial instruments

Cash and cash equivalents are classified as held for trading. Receivables, contributions due from Province of Ontario, contributions due from Municipalities, contributions due from Government of Canada and funds being held for Province of Ontario have been classified as loans and receivables. Payables and accruals, due to the Province of Ontario and advance from Province of Ontario have been classified as other financial liabilities.

Contracts to buy or sell a non-financial item

As permitted for not for profit organizations, Metrolinx has made an accounting policy choice not to apply Section 3855, Financial Instruments – Recognition and Measurement, to contracts to buy or sell a non-financial item including derivatives embedded therein. Contracts related to the diesel fuel purchases are therefore excluded from the application of Section 3855 and not recognized in the financial statements but disclosed in Note 3.

2. Summary of significant accounting policies (continued)

Adoption of new accounting standards

Effective April 1, 2009, Metrolinx adopted the following Canadian Institute of Chartered Accountants ("CICA") Handbook Sections:

- Section 4400, "Financial Statement Presentation", has been amended to permit a not for profit organization to present net assets invested in capital assets as a category of internally restricted net assets and clarification of presentation of revenue and expenses on a gross basis when the entity is acting as a principal in a transaction. Metrolinx has chosen to continue to disclose net assets invested in capital assets as a separate component of net assets.
- Section 4460, "Disclosure of Related Party Transactions", has been amended to align the definition of related parties to CICA section 3840, Related Party Transactions.
- Section 4470, "Disclosure of Allocated Expenses", establishes disclosure standards for a not for profit organization that classified its expenses by function and allocates its expenses to a number of functions to which the expenses relate.

There was no impact on the financial statements or additional disclosures required as a result of adopting the above Handbook sections.

3. Financial instruments

Fair values

The fair values of cash and cash equivalents, receivables, contributions due from Province of Ontario, contributions due from Municipalities, contributions due from Government of Canada, funds being held for Province of Ontario, payables and accruals and advance from Province of Ontario are assumed to approximate their carrying amounts because of their short term to maturity.

Credit risk

Metrolinx is subject to credit risk through its receivables. It is management's opinion that the risk is minimal as most of the receivables are from federal, provincial and municipal governments and organizations controlled by them.

Interest rate risk

Metrolinx does not have significant exposure to interest rate risk.

Other price risk

Metrolinx is exposed to changes in crude oil prices as a result of diesel fuel consumption. The potential fluctuations in crude oil prices could have a significant impact on the cost of providing transportation services. This risk is reduced, from time to time, through the use of diesel fuel forward purchase contracts to lock in firmly committed future operating costs for own use consumption. As at March 31, 2010, Metrolinx has seven fixed fee agreements in place to purchase 40.4 million litres of diesel fuel at prices ranging from $0.6892 to $0.7050 per litre. The excess fuel purchased beyond the committed amount is at market prices.

4. Capital disclosures

The capital structure of Metrolinx consists of net assets and deferred capital contributions.

Metrolinx's main objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide the appropriate level of services to its stakeholders.

Metrolinx is subject to restrictions in how it is to utilize its externally restricted deferred capital contributions. Metrolinx employs internal control processes to ensure the restrictions are met prior to the utilization of these resources and has been in compliance with these restrictions throughout the period.

Metrolinx manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of the underlying assets.

5. Funds being held for Province of Ontario

In 2007 the former Greater Toronto Transit Authority (GO Transit) received $46,667 from the Province of Ontario for their contribution towards the Toronto Transit Commission ("TTC") participation in the GTA Farecard project. TTC has not yet met the requirements to receive this funding and consequently the cash held by Metrolinx and the obligation to the Province have been segregated on the statement of financial position.

6. Long term receivable

Receivable due from a municipality for the reimbursement of construction costs is payable over a five year period. Amounts due within one year are included in current receivables and the remaining balance is classified as long term receivable in one instalment of $800 and is due in 2012.

7. Capital assets

	Cost	Accumulated Depreciation	**2010 Net Book Value**	2009 Net Book Value
Land	$ 707,971	$ -	**$ 707,971**	$ 286,745
Buildings	424,000	227,937	**196,063**	176,198
Leasehold improvements	23,845	20,939	**2,906**	13,132
Locomotives and other railway rolling stock	979,254	231,040	**748,214**	649,370
Improvements to railway right-of-way plant	844,231	429,825	**414,406**	379,208
Track work and installation	371,703	97,624	**274,079**	257,179
Construction-in-progress	1,088,572	-	**1,088,572**	663,696
Buses	270,070	111,800	**158,270**	154,004
Parking lots	239,125	84,090	**155,035**	113,835
Computer equipment and software	41,998	23,498	**18,500**	17,647
Other	118,484	79,223	**39,261**	30,059
	$ 5,109,253	$ 1,305,976	**$ 3,803,277**	$ 2,741,073

Construction-in-Progress includes the following:

	2010	2009
Rail Corridor Expansion	**$ 418,344**	$ 289,850
Union Station	**108,265**	91,730
Rail Fleet	**127,963**	56,857
PRESTO System	**138,598**	98,918
Light Rapid Transit and Bus Rapid Transit	**50,969**	-
Various	**244,433**	126,341
	$ 1,088,572	$ 663,696

8. Advances on capital projects

During the year, Metrolinx entered into Memorandum of Agreements (MOAs) with York Region Rapid Transit Corporation (YRRTC), The Regional Municipality of York (York Region), City of Toronto and the Toronto Transit Commission (TTC). The MOAs outline the projects, expected costs, and responsibilities of the parties involved. The MOAs also outline the definition of eligible costs and ownership rights of the projects specified in the agreements. The original MOAs were for the period April 1 to December 31, 2009 and costs were projected to be approximately $213 million. The MOAs were extended until May 31, 2010 for the City of Toronto and the TTC and June 30, 2010 for YRRTC and York Region.

Pursuant to these agreements, advances were paid to the Region of York and to the Toronto Transit Commission to provide working capital totalling $47,421 to fund projects being developed by the Region of York and Toronto Transit Commission on behalf of Metrolinx. The advanced funds are to be held in a separate account and any interest accrued will be applied against the project.

As at March 31, 2010, Metrolinx has expended approximately $129.1 million in relation to these projects, including the following amounts which have been advanced for costs expected to be incurred to May 31 and June 30, 2010.

	2010	2009
Region of York	$ 22,732	$ -
Toronto Transit Commission	24,689	-
	$ 47,421	$ -

9. Long term lease

	Cost	Accumulated Amortization	2010 Net Book Value	2009 Net Book Value
Leasehold, Union Station	$ 32,704	$ 3,189	**$ 29,515**	$ 29,842

10. Deferred capital contributions

The changes in the deferred capital contributions for the year are as follows:

	2010	2009
Balance, beginning of year	**$ 2,453,680**	$ 1,906,743
Contributions received or receivable in the period for capital asset acquisitions		
Province of Ontario	**739,919**	603,214
Municipalities	**24,409**	32,657
Government of Canada	**37,440**	60,225
Amortization of deferred capital contributions	**(171,712)**	(149,159)
Balance, end of year	**$ 3,083,736**	$ 2,453,680

Metrolinx realized a shortfall in Municipal funding related to its capital program. The Province has provided funding to bridge the shortfall in the current year in the amount of $50,868 (2009 - $54,903) and the cumulative amount is $174,801. The Province will work with its Municipal partners to address the funding shortfalls.

11. Pension contributions

Metrolinx provides pension benefits for substantially all of its permanent employees through participation in the Ontario Municipal Employees Retirement System (OMERS) Pension Fund. The amount expensed in pension contributions for the year ended March 31, 2010 is $8,132 (2009 – $6,441).

12. Pension plan top-up benefits payable

With repatriation of the former GO Transit to the Province in 2002, bargaining and non-bargaining employees requested the Province to rectify the difference in pension benefits to be received by employees of GO Transit. When GO Transit was transferred from the Province to the Greater Toronto Services Board in 1999, the Provincial Plans were frozen and a new plan commenced under OMERS. It had been resolved that GO Transit was responsible for the pension obligation and accordingly GO Transit completed an actuarial valuation as of April 1, 2007. The pension expense recognized during the year is $2,347 (2009 - $2,657).

For the purpose of accounting for top-up benefits, Metrolinx has adopted the policy to recognize gains and losses in a year in excess of the minimum amortization (which is the portion of accumulated gains and losses which exceed 10% of the accrued benefit obligation, divided by the expected average remaining service life).

12. Pension plan top-up benefits payable (continued)

Information about Metrolinx's pension plan top-up is as follows:

		2010		2009
Accrued benefit obligation	**$**	**30,998**	$	17,486
Fair value of plan assets		**448**		383
Funded status - plan deficit		**30,550**		17,103
Unamortized net actuarial (loss) gain		**(7,269)**		4,432
Accrued benefit liability	**$**	**23,281**	$	21,535

Plan assets by asset category are as follows:

	2010	2009
Cash invested	**21%**	27%
Cash on deposit with Canada Revenue Agency	**79%**	73%
	100%	100%

Other information about Metrolinx's benefit plan is as follows:

		2010		2009
Employer Contributions	**$**	**300**	$	--
Benefits paid	**$**	**237**	$	138

The significant actuarial assumptions adopted in measuring Metrolinx's pension plan Top-up benefit obligations are as follows:

Discount rate	- 6.25% (2009 – 8.7%)
Rate of compensation increase	- 3 % (2009 – 3%)
Inflation per annum	- 2 % (2009 – 2%)
Expected average remaining service life	- 10 years (2009 – 10 years)

13. Other employee future benefits payable

Metrolinx provides post-retirement life and health benefits, Workplace Safety & Insurance Board ("WSIB") liabilities and retiree severance benefits. The plan is unfunded and requires nominal contributions from employees. Substantially all full time active employees are eligible for life and health benefits. A limited number of employees are eligible for severance benefits.

The measurement date of the plan assets and accrued benefit obligation is March 31 of each year. The most recent actuarial valuation of the other employee future benefits for funding purposes was as of March 31, 2008. The post-retirement non-pension benefits recognized during the period was $5,129 (2009 - $5,575).

For the purpose of accounting for post-retirement non-pension benefits, Metrolinx has adopted the policy to recognize gains and losses in a period in excess of the minimum amortization (which is the portion of accumulated gains and losses which exceed 10% of the accrued benefit obligation, divided by the expected average remaining service life).

Information about Metrolinx's post-retirement non-pension benefits is as follows:

	2010	2009
Accrued benefit obligation	**$ 49,391**	$ 33,137
Fair value of plan assets	**-**	-
Funded status - plan deficit	**49,391**	33,137
Unamortized net actuarial (loss) gain	**(7,614)**	5,462
Accrued benefit liability	**$ 41,777**	$ 38,599

13. Other employee future benefits payable (continued)

Other information about Metrolinx's benefit plan is as follows:

		2010		2009
Employer contributions	**$**	**1,951**	$	1,136
Benefits paid	**$**	**1,951**	$	1,136

The significant actuarial assumptions adopted in measuring Metrolinx's Post-retirement non-pension benefit obligations are as follows:

Discount Rate for Post-retirement non-pension benefit	- 6.20% (2009 – 8.5%)
Discount Rate for WSIB liabilities and retiree severance benefits	- 5% (2009 – 7%)
Expected average remaining service life for Post-retirement non-pension benefit	- 14 years (2009 – 14 years)
Expected average remaining service life for WSIB liabilities	- 10 years (2009 – 10 years)
Expected average remaining service life for retiree severance benefits	- 9 years (2009 – 9 years)
Rate of compensation increase	- 3% (2009 – 3%)
Inflation per annum	- 2% (2009 – 2%)
Initial Weighted Average Health Care Trend Rate	- 6.85% (2009 – 6.98%)
Ultimate Weighted Average Health Care Trend Rate	- 4.5% (2009 – 4.5%)
Dental care benefits increase	- 4.5% (2009 – 4.5%)

14. Net assets invested in capital assets

	2010	2009
Capital assets	**$ 3,803,277**	$ 2,741,073
Deposits on land	**56,485**	129,260
Advances on capital projects	**47,421**	-
Less deferred capital contributions used to purchase capital assets	**(3,083,736)**	(2,453,680)
	$ 823,447	$ 416,653

15. Net assets held in reserve

The net assets held in reserve as at both March 31, 2010 and 2009 are as follows:

MCOR	$ 21,051
Employment Obligation	889
Self Insured Retention	2,013
Stabilization	2,379
	$ 26,332

16. Commitments

a) The minimum lease payments for premises in each of the next five years are as follows:

2011	$	3,178
2012		2,273
2013		2,116
2014		1,514
2015		685
Subsequent		820
	$	10,586

b) Metrolinx has also committed approximately $1,251,777 for various capital asset additions. In addition, the Toronto Transit Commission and York Region have committed approximately $101,688 on projects they are implementing on behalf of Metrolinx.

c) A significant amount of the services provided by Metrolinx are operated and maintained by outside parties. These services are governed by the agreements with the Canadian National Railway Company ("CN"), Canadian Pacific Railway Company ("CP") and Bombardier Inc. and by a number of minor service agreements. Metrolinx has entered into the following major agreements for approximately $120,000 per year:

i) Master Operating Agreement with CN terminating on May 31, 2010. Negotiations on a new agreement are ongoing with CN. The existing agreement has been extended until such time as a new agreement is finalized.

ii) Commuter Agreement with CP terminating December 31, 2010.

iii) Equipment Maintenance Contract with Bombardier terminating on May 31, 2013.

iv) Rail Crew Contract with Bombardier terminating May 31, 2013.

d) As at year-end, Metrolinx had outstanding letters of credit totalling $2,098.

16. Commitments (continued)

e) On June 14, 2010, Metrolinx awarded a contract to Bombardier for the delivery of 182 Light Rail Vehicles. The base contract value is $770,392 excluding taxes and escalation and delivery of the vehicles is expected between 2013 and 2020. Funding for the contract will be provided by the Province of Ontario through Metrolinx's capital budget. Payments will be made at prescribed milestones outlined in the contract.

f) Metrolinx's capital program for the March 31, 2011 fiscal year is approximately $1.3 billion. Commitments will be entered into by Metrolinx throughout the year related to the capital program.

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17. Contingencies

a) Various lawsuits have been filed against Metrolinx for incidents which arose in the ordinary course of business. Management has reviewed these claims and the outcome of the lawsuits, now pending, is either not material or is not yet determinable.

b) Metrolinx has a disputed claim in the amount of $3,100 with a landlord with respect to a leasing agreement. An accrual in the amount of $1,200 has been made for the disputed amounts. Management believes that its interpretation of the lease and the methodology used to calculate the operating expenses is correct and that it will be successful in its current negotiation with the landlord. The negotiations are in their early stages and it is difficult to determine the outcome with certainty. As a result, the disputed amount has not been accrued in the financial statements.

18. Foreign exchange forward contract

In September 2005, in consultation with the Ontario Finance Authority (OFA), GO Transit awarded a contract to a US supplier in US dollars to purchase 27 diesel electric locomotives. At the same time, GO Transit entered into a contract with OFA to purchase the required US dollars to ensure budget certainty. The contract stated the purchase of $28,112 US dollars at rates varying from 1.1322 to 1.1360. As of March 31, 2008 there was a change in the fair value of the economic hedge of $2,918 which was recorded as an unrealized foreign exchange loss in the 2008 statement of operations. When the contract matured in the year ended March 31, 2009 the realized loss was $773, resulting in a net foreign exchange gain on the contract for the period of $2,145.

19. Related party transactions

Metrolinx had the following transactions with related parties during the year:

a) The Ministry of Transportation charged Metrolinx $4,602 (2009 - $2,540) during the year for the provision of services provided and $1,188 for land sold by the Ministry of Transportation. At March 31, 2010, payables and accruals included $551 (2009 – $969) owing to the Ministry of Transportation.

b) During the year ended March 31, 2010 Metrolinx purchased 26 locomotives and 243 bi-level coaches for two dollars from Toronto Area Transit Operating Authority (TATOA) that were previously on lease with Metrolinx. The transfer of these assets was treated as a contribution from the Province equivalent to the net book value of these assets maintained by TATOA, that aggregated to $58,536. TATOA is a crown corporation reporting to Minister of Transportation, and is related to Metrolinx by virtue of their respective relationships with the Minister of Transportation.

   During the year ended March 31, 2010, Metrolinx sold thirteen (March 31, 2009 – seven) locomotives purchased from TATOA for a gain of $2,300 (March 31, 2009 - $1,381).

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.