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States, Cities Forgo Projects to Keep Glittering Balance Sheets.

- **While corporations step up borrowing, governments cut back**
- **States and cities owe $143 billion less than they did in 2010**

Asheville, North Carolina, has a growing population, a burgeoning beer industry and a big slice of the billions of dollars tourists spend each year visiting the Blue Ridge Mountains. It also has $390 million of work it wants to do on its infrastructure.

What the city hasn't been doing is running up debt to pay for it, with its 92,500 residents on the hook for only about $78 each for bonds backed by the general government budget. "We have a lot of people politely asking, 'You're a AAA city and your roads are terrible,'" said Vijay Kapoor, a city councilman. "What gives?"

That's the paradox of America's states and cities. The decade-long economic expansion has left surpluses where there were once deficits, interest rates are veering back toward more than half-century lows and there's hundreds of billions of dollars of spending needed to refurbish roads, sewers and public transportation systems. Yet around the country, governments are showing little interest in borrowing money, cautious that a recession that by some measures seems overdue could resurrect the years of austerity that followed the last one.

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